



## COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES

579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
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*To enrich lives through effective and caring service*

**MICHAEL J. HENRY**  
DIRECTOR OF PERSONNEL

August 12, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO AWARD CONTRACT TO  
MELLON FINANCIAL CORPORATION  
FOR ADMINISTRATIVE SERVICES FOR CAFETERIA  
AND NON-CAFETERIA BENEFITS PLANS  
(3 VOTES)**

**JOINT RECOMMENDATION BY THE DIRECTOR OF PERSONNEL, THE CHIEF  
ADMINISTRATIVE OFFICER, AND THE CHIEF INFORMATION OFFICER THAT YOUR  
BOARD:**

1. Approve and instruct the Chair to sign the attached agreement with Mellon Financial Corporation (Mellon) as the Third-Party Administrator (TPA) for the provision of administrative services for cafeteria and non-cafeteria benefits plans (Agreement); the term of the Agreement will be approximately five years and four months, effective upon Board approval, with the Total Maximum Contract Sum under this Agreement not to exceed \$14,570,640. The Agreement will be paid on a per unit basis, based on actual employee benefit enrollment population each month.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The existing agreement with Management Applied Programming, Inc. (MAP) terminates on December 31, 2003. Your Board's approval of the proposed new Agreement with Mellon would provide for continued administration of cafeteria and non-cafeteria benefits plans for approximately 93,600 full-time, part-time, and temporary County employees and their dependents beginning January 1, 2004. Mellon submitted the highest rated proposal based on the specific criteria of the Request for Proposals (RFP).

The County has used a TPA since 1990 to provide administrative services for Choices, Options, Flex and MegaFlex cafeteria plan enrollments, non-cafeteria plan enrollments, and administration and payment of health and dependent care spending account (flexible spending accounts) claims. These services included an Interactive Voice Response (IVR) telephone enrollment system as well as COBRA and HIPAA notification and automated billing of premiums for employees not paying through payroll deduction.

The administration of cafeteria and non-cafeteria benefits plans must be performed by an outside TPA because the County does not have, and could not develop at reasonable cost, and in a timely basis, the expertise, systems and experience to perform these services. Mellon is a global financial services company that has been providing employee benefits services since 1916.

The joint labor/management benefit committees for the Coalition of County Unions (Employee Benefits Administration Committee [EBAC]) and SEIU Local 660 (Benefits Administration Committee [BAC]) were represented on the proposal Evaluation Committee and agreed to the consensus scoring. Both BAC and EBAC support our recommendation and approve offering the contract to Mellon to provide cafeteria and non-cafeteria benefits plans administration.

#### Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan to promote the well-being of County employees and their families by administering comprehensive employee benefits.

#### FISCAL IMPACT/FINANCING

The Total Maximum Contract Sum for the Agreement shall not exceed \$14,570,640. The Agreement will be paid based on actual employee benefit roll count, on a per unit basis. Based on the employee benefit roll count presented in the RFP, the actual expenditures payable to Mellon for the next five years will be \$14,146,250. If the employee count decreases over the next five years, the amount paid to Mellon will decrease on a dollar-for-dollar basis.

Any increases in the employee benefit roll count will be capped at 3% over the contract term, for total maximum contract expenditures of \$14,570,640. Should employee counts exceed 3%, Mellon will not be able to charge more than the contract amount of \$14,570,640. The unit prices for all deliverables will increase at 2.5% per year and are subject to the overall contract limit of \$14,570,640.

Based on the employee count as of January 1, 2003, as presented in the RFP, of 93,600 full-time, part-time, and temporary County employees, the following chart illustrates how the annual costs for 2004 could change based on a decrease in the number of employees, or an increase in employees up to a 3% cap in charges:

RFP Base Employee Count (as of 1-1-03)	3% Decrease in Employees*	3% Increase in Employees
93,600	90,792	96,408
\$2,458,410	\$2,384,660	\$2,532,160

\*There is a reduction in price commensurate with reduction in employee count, without a floor.

The costs for cafeteria and non-cafeteria benefits plans administrative services are provided for in the 2003–2004 Budget and are partly offset by administrative fees paid by employees participating in the plans. Employees pay these fees through payroll deduction.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

This Agreement will become effective upon Board approval. It will provide TPA administration of cafeteria and non-cafeteria benefits plans. The Agreement term is for approximately five years and four months, through December 31, 2008.

Continued services provided under this Agreement include:

- IVR during the annual benefits enrollment period and for enrollments of newly hired and newly eligible non-union represented employees during the year
- Flexible Spending Account administration and claims processing
- COBRA notification
- Automated billing of employees for premiums not collected through payroll deduction
- Temporary employee enrollments

Enhanced services provided under this Agreement will greatly simplify employee access to information and enrollment procedures and tighten up vendor reporting and performance

standards. The County will keep up with current benefits administration technology. The customization features will result in improved record keeping, reporting and other efficiencies. Mellon was judged to be the best candidate in the following major areas of the County's benefits administration and business practices:

- **Americans With Disabilities Act (ADA)** – Mellon will be equipped with telecommunications device (TDD) for the deaf/hearing impaired effective January 1, 2004, bringing the County into full compliance with the federal requirements of the ADA.
- **Systems** – Mellon has the most highly evolved system, approaching state-of-the-art level. Their infrastructure and IVR/Web servers are "industrial strength" and are heavily tested. Upgrades are made every six months, and in five years, their system will be where the marketplace is at that time.
- **Web Enrollment/IVR Capabilities** – Mellon has an impressive web page design and an easy to use system. They provide 2000 telephone lines at all times for IVR enrollment, multiple T3 lines for Web enrollment and can process life event changes on the IVR/Web (the IVR allows for voice recognition for adding or deleting dependents), eliminating the need for paper processing. Web-based enrollments will be available for all newly hired non-represented employees effective January 2004; web-based annual enrollment will be available for non-represented employees in the Fall of 2004, and available to represented employees pending discussions with County unions.
- **Flexible Spending Accounts** – Mellon will provide online employee access to Flexible Spending Account information and the opportunity for claim reimbursement through direct deposit. They will process claims on a flow basis as received, as opposed to the current batch processing twice a month. This means that instead of waiting weeks for payments, employees can have more convenient and quicker access to their reimbursement dollars. Mellon provides imaging of all claims and receipts, which will allow DHR staff to view and audit these documents online. They have tracking mechanisms in place to capture performance to standards. Mellon agrees to performance guarantees and penalties and is willing to put money at risk to uphold these performance standards.
- **Experience with Similar Cafeteria Plan Services** – Mellon has strong experience with comparable sized clients, including the County of Orange, California. They have implemented similarly large conversions of data, with the largest being 164,000 records.

Benefits from the enhanced services of the agreement include:

- Mellon has a multi-million dollar annual technology budget to keep up with fast-moving changes and provides its clients automatic upgrades at no additional cost.
- State-of-the-art technology provides imaging instead of paper retention and excellent backup, security and recovery in the event of disaster.
- Increased IVR and web access during the annual benefits enrollment period, brought about by strong infrastructure and servers, reduces the risk of system failure during peak times and the costly remedy of extending the enrollment period.
- Additional service enhancements to the IVR for life event changes will eliminate the time-consuming and labor-intensive paper process that is currently in use.
- Increased and improved web-enabled benefits administration and report access for County departments and unions.
- The employee database created by Mellon will provide easy transfer to any database management-type personnel/payroll system that the County may adopt in the future.

As per this Board's requirements for certain contracts involving information technology/intellectual property, outside counsel was retained. The law firm of Sidley, Austin, Brown & Wood transmits a confidential opinion letter to your Board under separate cover contemporaneous with this Board Letter. The County retained outside HIPAA counsel for Employee Benefits, the law firm of Jones Day, along with the County's Chief Information Privacy Officer have approved the Agreement clauses pertaining to HIPAA. The Agreement has been approved as to form by the Office of the County Counsel.

### **CONTRACTING PROCESS**

Mellon Financial Corporation was selected through a formal solicitation process. The Department of Human Resources (DHR) prepared and released a Request for Proposals (RFP) on March 31, 2003. The following steps were taken by DHR in the RFP process:

- Mailed RFPs to 19 known benefits administration firms and interested individuals.
- Contacted the Office of Affirmative Action Compliance for potential vendors.

- Advertised in the Los Angeles Times, La Opinion, The Sentinel and Asian Weekly newspapers.
- Posted the RFP on the "Doing Business with the County" Website.
- Provided RFPs to 16 additional firms who requested copies after seeing the advertisements or viewing the County's Website.
- Held a mandatory proposer's conference which was attended by eight (8) firms.
- Conducted interviews with four (4) proposers after the initial ratings, and made site visits to the top three (3) finalists.

Five proposals were received and met the RFP minimum requirements. The evaluation process followed recommended County guidelines. The proposal evaluation committee was comprised of representatives from DHR, the Chief Administrative Office, the Chief Information Office, the Auditor-Controller, S.E.I.U. Local 660, and the Coalition of County Unions. The committee's evaluation was based upon criteria described in the RFP which included proposed pricing, references, experience, capability and work plan. The evaluation process included a comprehensive review of the proposals, reference checks, oral presentations by the finalists and site visits. The evaluation committee reached consensus at each phase of the evaluation process.

The evaluation committee found Mellon to be the most responsive and responsible proposer due to clear and compelling reasons and although not the lowest bidder, their proposal scored highest overall. While Mellon was the best score overall, the lowest bid proposal had inadequate features, including non-compliance with ADA requirements. By unanimous recommendation of the evaluation committee, and with the support and approval of BAC and EBAC, it is recommended that the County enter into the proposed Agreement with Mellon.

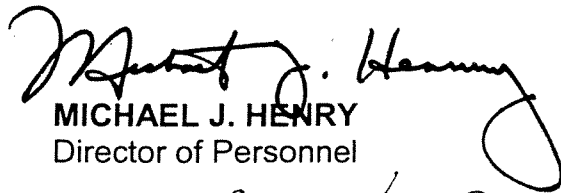
#### **IMPACT ON CURRENT SERVICES**

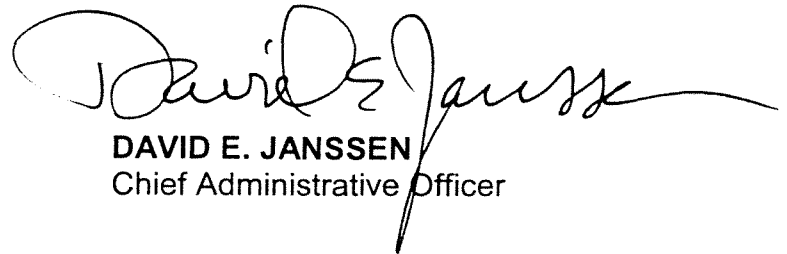
Based upon the evaluation of Mellon's capabilities, there will be additional and improved direct services to County of Los Angeles employees. The County can expect to receive improved administrative services with highly accurate and timely record keeping for its cafeteria and non-cafeteria benefits plans and the County will keep up with current benefit administration technology.

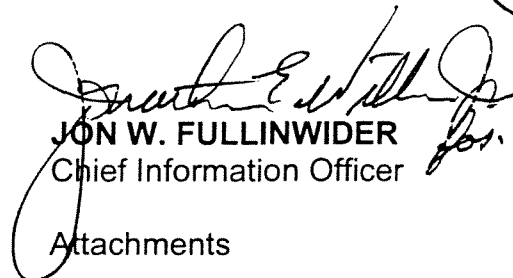
**CONCLUSION**

Instruct the Executive Officer, Board of Supervisors to return two signed originals of the agreement to the Department of Human Resources.

Respectfully submitted,

  
**MICHAEL J. HENRY**  
Director of Personnel

  
**DAVID E. JANSSEN**  
Chief Administrative Officer

  
**JON W. FULLINWIDER**  
Chief Information Officer

**Attachments**

c: County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller  
Treasurer and Tax Collector

**CONTRACT FOR  
ADMINISTRATIVE SERVICES  
FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS**



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**BY AND BETWEEN  
THE COUNTY OF LOS ANGELES  
AND  
MELLON FINANCIAL CORPORATION**

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**CONTRACT FOR ADMINISTRATIVE SERVICES  
FOR CAFETERIA AND NON-CAFETERIA  
BENEFIT PLANS**

**THIS CONTRACT** is made and entered into as of the Effective Date by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (hereinafter referred to as "COUNTY"), and MELLON FINANCIAL CORPORATION ("MELLON"), a Pennsylvania corporation together with its wholly owned subsidiary, Buck Consultants Inc. ("BUCK") and together jointly and severally with "MELLON" hereinafter referred to as "CONTRACTOR") for administrative services for cafeteria and non-cafeteria benefit plans (hereinafter referred to as "Services").

**RECITALS**

**WHEREAS**, COUNTY desires record keeping and administration services for employee benefit enrollments and spending account claims payments, which include IRS Section (125) cafeteria benefit plans, hereinafter referred to as "Flexible Benefits Plan" and "MegaFlex", for eligible employees who are not represented by a collective bargaining agreement, and hereinafter referred to as "Choices" and "Options" for employees represented by a collective bargaining agreement.

**WHEREAS**, COUNTY makes available a Health Care Reimbursement Account and a Dependent Care Reimbursement Account to eligible Flexible Benefit Plan, MegaFlex, Choices and Options participants and desires to provide for administration of eligible claims; and

**WHEREAS**, COUNTY desires to provide for the preparation and distribution of periodic reporting of spending account balances to employees, election confirmation and default notices, utilization reports and other statistical reporting required for the ongoing maintenance of the Flexible Benefit Plan, MegaFlex, Choices and Options plans; and

**WHEREAS**, COUNTY desires to provide a support service to respond to employee inquiries regarding Flexible Benefit Plan, MegaFlex, Choices and Options reimbursement account claim activity and benefit status requests; and

**WHEREAS**, COUNTY desires record keeping and administration services for employee benefit enrollments involving employees who do not participate in one of the four cafeteria benefit plans; and

**WHEREAS**, CONTRACTOR has submitted a proposal to COUNTY Department of Human Resources (hereinafter referred to as "DHR") for the provision of Services and CONTRACTOR has been selected for recommendation of award of such contract; and

**WHEREAS**, COUNTY has authority to obtain such services by contract pursuant to Government Code Section 3100, as well as other applicable law;

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and conditions set forth herein, the parties agree as follows:

## **1.0 APPLICABLE DOCUMENTS**

This base document, along with Exhibits A through G, as set forth below and attached hereto, and Exhibits H and I which are incorporated herein by this reference, and form, and are throughout and hereinafter collectively referred to as, the "Contract." In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between this base document and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to this base document, and then to the Exhibits, according to the following priority:

- Exhibit A – Statement of Work
- Exhibit B – Fee Schedule
- Exhibit H – Request for Proposal
- Exhibit I – CONTRACTOR'S Proposal
- Exhibit C.1 – Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement
- Exhibit C.2 – Non-Employee Acknowledgement and Confidentiality Agreement
- Exhibit D – Contractor's EEO Certification
- Exhibit E – County's Administration
- Exhibit F – Contractor's Administration
- Exhibit G – Safely Surrendered Baby Law

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes any and all previous agreement, whether written or oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Section 4.0 (Changes and Amendments), and signed by both parties.

## **2.0 DEFINITIONS**

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following terms and phrases in quotes and with initial letters capitalized shall have the following specific meaning when used in the Contract, as defined in this Section 2.0, throughout and hereinafter:

- 2.1 "Board of Supervisors" shall mean the Board of Supervisors of the County of Los Angeles.
- 2.2 "Contract Year": means, generally, calendar year under the Contract. The first contract year, however, begins on the Effective Date and continues until December 31, 2004. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.
- 2.3 "Day" or "Days" shall mean calendar day(s), unless otherwise expressly stated.
- 2.4 "Director of Personnel" (DOP) shall mean the Director of the Department of Human Resources.
- 2.5 "Effective Date" means the date the Contract is executed by all parties and approved by the Board of Supervisors.
- 2.6 "Fiscal Year" shall mean the twelve (12) month period beginning July 1<sup>st</sup> and ending the following June 30<sup>th</sup>.
- 2.7 "Maximum Contract Sum" shall have the meaning set forth in Section 8.1.

### **3.0 WORK**

- 3.1 Pursuant to the provisions of this Contract, CONTRACTOR shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the Statement of Work, Exhibit A, attached hereto, and as may be amended from time to time in accordance with Section 4 (Changes and Amendments). All such tasks, deliverables, services and other work required under this Contract for CONTRACTOR'S system and Services to be put into production use on January 1, 2004, including the "Transition Plan-Assumption of Services" work (as defined in Exhibit A (Statement of Work) shall be approved in writing by COUNTY'S Project Manager prior to any submission of an invoice or payment therefor. COUNTY'S Project Manager shall endeavor to approve or disapprove, or request from CONTRACTOR supplemental information, in accordance with the timelines set forth in the Transition Plan-Assumption of Services, which unless specified therein shall not be longer than fifteen (15) days. Any disapproval shall include reasonable detail regarding necessary corrective action.
- 3.2 If CONTRACTOR provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of CONTRACTOR, and CONTRACTOR shall have no claim whatsoever against COUNTY.

- 3.3 CONTRACTOR agrees that the performance of work and services pursuant to the requirements of this Contract shall conform to high professional standards as exist in CONTRACTOR'S profession or field of practice.
- 3.4 In the event the system that CONTRACTOR is to provide hereunder is not ready, due to fault of CONTRACTOR, to be put into production on January 1, 2004, CONTRACTOR will provide alternative services, at no additional cost to COUNTY, as are necessary to continue the administration of COUNTY'S benefit cafeteria and non-cafeteria benefit plans. CONTRACTOR will be reimbursed for such alternative services at a rate not to exceed the rates set forth in Exhibit B (Fee Schedule) as if the system had been put into production on January 1, 2004, except that COUNTY is not obligated to make any payments or provide any reimbursements except as provided in accordance with the terms of this Contract.

#### **4.0 CHANGES AND AMENDMENTS**

- 4.1 COUNTY reserves the right to initiate change to any portion of the work required under this Contract and to any other provisions of this Contract. All such changes shall be accomplished only as provided in this Section 4.0.
- 4.2 For any change which does not affect the scope of work, term, Contract Payment, or any term or condition included under this Contract, a Change Notice shall be prepared and executed by COUNTY'S Contract Administrator (CCA) and CONTRACTOR; except that:
- 4.2.1. COUNTY'S Director of Personnel (DOP) or designee, may, at his/her sole discretion, authorize extensions of time as defined in Section 7.0 (Term). CONTRACTOR agrees that such extensions of time shall not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract shall be prepared and executed by CONTRACTOR and the DOP.
- 4.2.2 Subject to Section 4.3, the DOP is expressly authorized to change the specific conditions as set forth in Exhibit A (Statement of Work), via Change Notice.
- 4.3 COUNTY'S Board of Supervisors or Chief Administrative Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract, provided such terms and conditions are applied to Contracts of similar nature within County. COUNTY reserves the right to add and/or change such

provisions as required by COUNTY'S Board of Supervisors or Chief Administrative Officer. To implement such orders, an amendment to the Contract shall be prepared and executed by CONTRACTOR and by the DOP.

- 4.4 Except as elsewhere specified in this Contract, for any change which affects the scope of work, period of performance, Contract sum, or any condition or obligation of this Contract, a negotiated written Amendment to this Contract shall be prepared and executed by COUNTY'S Board of Supervisors and CONTRACTOR'S authorized representative.

## **5.0 ADMINISTRATION OF CONTRACT – COUNTY**

A listing of all COUNTY Administration referenced in the following Subparagraphs are designated in Exhibit E (COUNTY'S Administration). COUNTY shall notify CONTRACTOR in writing of any change in the names or addresses shown.

### **5.1 COUNTY'S Contract Administrator**

The Director of Personnel ("DOP"), or his designee, referred to as COUNTY Contract Administrator ("CCA"), shall have full authority to administer this Contract on behalf of COUNTY. The CCA shall be responsible for ensuring that the objectives of this Contract are met and determining CONTRACTOR'S compliance with the Contract. The CCA, or his/her designee, shall interface with the Contract Manager representing CONTRACTOR, and is authorized to make changes in the terms and conditions of this Contract only in accordance with Section 4.0, Changes and Amendments", of this Contract. The CCA shall provide overall direction and coordination of the Contract. The CCA shall also provide information to CONTRACTOR in areas relating to policy, program information and procedural requirements.

### **5.2 COUNTY'S Project Manager**

The responsibilities of COUNTY'S Project Manager include:

- 5.2.1 Meeting with CONTRACTOR'S Project Manager on a regular basis; and
- 5.2.2 Inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of CONTRACTOR.

COUNTY'S Project Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate COUNTY in any respect whatsoever.

**6.0 ADMINISTRATION OF CONTRACT – CONTRACTOR**

A listing of all CONTRACTOR Administration referenced in the following Subparagraphs are designated in Exhibit F (CONTRACTOR'S Administration). CONTRACTOR shall inform DHR in writing of the names, addresses, and telephone numbers of the individuals designated to act as Contract Manager and alternate at the time the Contract is implemented and as changes occur during the term of the Contract.

**6.1 CONTRACTOR'S Contract Manager**

CONTRACTOR'S Contract Manager is a full-time employee of CONTRACTOR, who shall have full authority to act on behalf of CONTRACTOR in all matters relating to the daily operation of this Contract, including the execution of amendments to the Contract made pursuant to Section 4.0 (Changes and Amendments). CONTRACTOR'S Contract Manager shall be available on a daily basis to meet with DHR personnel regarding the operation of the Contract. COUNTY must have telephone access to the CONTRACTOR'S Contract Manager, or such person's designee, who shall be a staff member designated on Exhibit F (CONTRACTOR'S Administration), all hours, 365 days per year.

**6.2 CONTRACTOR'S Project Manager**

CONTRACTOR'S Project Manager shall be responsible for CONTRACTOR'S and any subcontractor's day-to-day activities as related to this Contract and shall coordinate with COUNTY'S Project Manager on a regular basis.

**6.3 Approval of CONTRACTOR'S Staff**

COUNTY has the absolute right to approve or disapprove all of CONTRACTOR'S staff set forth on Exhibit F (CONTRACTOR'S Administration), and the reasonable right to approve or disapprove all other staff performing work hereunder and any proposed changes in CONTRACTOR'S staff, including, but not limited to, CONTRACTOR'S Project Manager. COUNTY approves CONTRACTOR'S staff as set forth on Exhibit F (CONTRACTOR'S Administration) to the Contract, and any changes thereto shall be submitted for COUNTY review and approval. Notwithstanding the foregoing, a decision by an individual to terminate employment with CONTRACTOR or accept another position with CONTRACTOR unrelated to the Services provided hereunder shall not be deemed a breach of the Contract.

#### 6.4 Confidentiality

CONTRACTOR shall maintain the confidentiality of all records obtained from COUNTY under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality. Notwithstanding the foregoing, COUNTY'S confidential information shall not include information that (i) is already in CONTRACTOR'S possession, provided that such information is not known by it to be subject to another confidentiality agreement with COUNTY or other obligation of secrecy to COUNTY or another party, or (ii) becomes generally available to the public other than as a result of a disclosure by CONTRACTOR or its directors, officers, employees, agents advisors or subcontractors, (iii) becomes available to the CONTRACTOR on a non-confidential basis from a source other than the COUNTY or its advisors, provided that such source is not known by CONTRACTOR to be bound by another confidentiality agreement with or other obligation of secrecy to COUNTY or another party, or (iv) is developed by CONTRACTOR without use of COUNTY'S confidential information.

CONTRACTOR shall inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract. CONTRACTOR shall cause each employee performing services covered by this Contract to sign and adhere to the "Contractor Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement", Exhibit C.1.

CONTRACTOR shall cause each non-employee performing services covered by this Contract to sign and adhere to the "Contractor Non-Employee Acknowledgment, Confidentiality, and Copyright Assignment Agreement," Exhibit C.2.

In the event CONTRACTOR is compelled to disclose COUNTY'S confidential information pursuant to any legal or regulatory authority having jurisdiction over CONTRACTOR, subject to Section 49 (CONTRACTOR'S Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996) of this Contract, CONTRACTOR may disclose such information, provided that it first, unless legally prohibited, notifies COUNTY of the order compelling disclosure and cooperates with COUNTY in any action by COUNTY to secure a protective order regarding such information.

Notwithstanding anything herein to the contrary, CONTRACTOR acknowledges and agrees that it is responsible for any breach of the obligations of confidentiality set forth in the Contract by any person or entity engaged by CONTRACTOR to assist it in the performance of

Services or other work hereunder to whom CONTRACTOR discloses such confidential information.

**7.0 TERM**

7.1 The term of this Contract commences upon the Effective Date and continues through December 31, 2008, unless otherwise terminated or extended, in whole or in part, as provided in this Contract.

7.2 INTENTIONALLY OMITTED

7.3 CONTRACTOR shall notify DHR when this Contract is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, CONTRACTOR shall send written notification to DHR at the address herein provided in Exhibit E (COUNTY'S Administration).

**7.4 Completion of Contract**

Upon expiration or termination of the Contract, CONTRACTOR shall fully cooperate with COUNTY to provide for the transition to whatever service replacement method COUNTY determines to be in its best interest. Transition Plan services to be performed by CONTRACTOR are set forth in Exhibit A (Statement of Work). Such Transition Plan services are intended to ensure a smooth transition from CONTRACTOR-provided services back to the COUNTY or another vendor. CONTRACTOR shall make reasonable provisions for inspection and observation of work procedures of CONTRACTOR personnel during the transition period.

CONTRACTOR shall provide Transition Plan services during the following periods: (a) for two months prior to expiration or nonrenewal of the Contract in the ordinary course of business; (b) for two months following the effective date of termination of the Contract upon COUNTY'S termination pursuant to Section 33 (Termination for Default); and (c) for two months following the effective date of notice of termination by COUNTY for any reason other than a termination pursuant to Section 33. In addition, CONTRACTOR shall provide COUNTY up to forty (40) hours per month general consulting services in connection with a transition of its Services to COUNTY or to a third party, which general consulting services shall be provided upon request by COUNTY under clause (a), during the four month period prior to the commencement of the Transition Plan, and under clauses (b) or (c), as part of the Transition Plan.

In addition, CONTRACTOR shall explain and return to COUNTY, as requested, all COUNTY reports, documents, data files and Materials (as

defined in Section 44 [Ownership of Materials, Software and Copyright]) generated for or provided by the COUNTY to service this Contract.

## **8.0 CONTRACT SUM**

- 8.1 The Maximum Contract Sum under the terms of this Contract shall be the total monetary amount payable by COUNTY to CONTRACTOR for provision of services specified herein in accordance with Exhibit B (Fee Schedule), and shall not exceed Fourteen Million Five Hundred Seventy Thousand Six Hundred Forty Dollars (\$14,570,640) for the entire term of the contract. In addition, CONTRACTOR acknowledges that the amounts payable by COUNTY to CONTRACTOR on a monthly basis for the services are based on COUNTY'S actual number of participants in the Services in the applicable month multiplied by the applicable unit rates as set forth on Exhibit B (Fee Schedule) for the applicable Contract Year. In addition, the fixed start-up fees will be included in the monthly fees payable by COUNTY to CONTRACTOR over the term of the Contract, and the fees related to the first year annual enrollment will be included in the monthly fees spread over the last four Contract Years of the Contract. IVR Script Development and Web Screen Development fees incurred with respect to each annual open enrollment will be billed as they are incurred. Contractor expressly acknowledges and agrees, however, that, in no event is COUNTY obligated to pay any amount in excess of the "Maximum Annual Cap" amount per Contract Year set forth on Exhibit B (Fee Schedule), which amount is based on a three percent (3%) increase above the "Estimated Annual Costs" set forth on Exhibit B (Fee Schedule).
- 8.2 CONTRACTOR shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of CONTRACTOR'S duties, responsibilities, or obligations, or performance of same by any entity other than CONTRACTOR, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with COUNTY'S express prior written approval. Any such assumption or takeover without COUNTY'S express prior written approval shall be void *ab initio*.
- 8.3 CONTRACTOR shall maintain a system of record keeping that will allow CONTRACTOR to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this Contract. Upon occurrence of this event, CONTRACTOR shall send written notification to DHR at the address herein provided in Exhibit E (COUNTY'S Administration).

**8.4 No Payment for Services Provided Following Expiration/Termination of Contract**

CONTRACTOR shall have no claim against COUNTY for payment of any money or reimbursement, of any kind whatsoever, for any service provided by CONTRACTOR after the expiration or other termination of this Contract. Should CONTRACTOR receive any such payment it shall immediately notify COUNTY and shall immediately repay all such funds to COUNTY. Payment by COUNTY for services rendered after expiration/termination of this Contract shall not constitute a waiver of COUNTY'S right to recover such payment from CONTRACTOR. This provision shall survive the expiration or other termination of this Contract.

**8.5 Invoices and Payments**

- 8.5.1 CONTRACTOR shall invoice COUNTY only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit A (Statement of Work), and elsewhere hereunder. CONTRACTOR shall prepare invoices, which shall include the charges owed to CONTRACTOR by COUNTY under the terms of this Contract. CONTRACTOR'S payments shall be as provided in Exhibit B (Proposal Fee Schedule).
- 8.5.2 CONTRACTOR'S invoices shall be priced in accordance with Exhibit B (Proposal Fee Schedule).
- 8.5.3 CONTRACTOR'S invoices shall contain the information set forth in Exhibit A (Statement of Work), describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.
- 8.5.4 CONTRACTOR shall invoice COUNTY in arrears for all services and materials provided under this Contract. CONTRACTOR shall submit the monthly invoices to COUNTY by the 15<sup>th</sup> calendar day of the month following the month of service.
- 8.5.5 All invoices under this Contract shall be submitted in two (2) copies to the following address:

Department of Human Resources  
Employee Benefits Division  
3333 Wilshire Blvd., 10<sup>th</sup> Floor  
Los Angeles, CA 90010  
Attn: Principal Analyst  
Deferred Income

**8.5.6 COUNTY Approval of Invoices**

All invoices submitted by CONTRACTOR for payment must have the written approval of COUNTY'S Project Director prior to any payment thereof, and all work or services set forth on the invoice for which payment is claimed, must comply with the specifications set forth in the Contract, including having COUNTY'S Project Director approval, as evidenced by his or her countersignature to the invoice. In no event shall COUNTY be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, and subject to the remainder of this Section 8.5, COUNTY will endeavor to make payment of approved invoices and approved amounts within thirty (30) days of COUNTY'S Project Director's approval of the applicable invoice.

8.5.7 The CCA will report in writing any invoice discrepancies to CONTRACTOR within fifteen (15) business days. CONTRACTOR shall review the disputed charges and send a written explanation detailing the basis for the charges within fifteen (15) business days of receipt of CCA's written report. If CCA does not receive a written explanation from CONTRACTOR within the fifteen (15) day period, CONTRACTOR waives any dispute to the amended charges, and payment will be made, less the discrepancies set forth by COUNTY.

8.6 The Maximum Contract Sum and the amounts set forth on Exhibit B (Fee Schedule) include all amounts necessary for COUNTY to reimburse CONTRACTOR for all applicable California and other state and local tax liability (subject to the remainder of this paragraph) on all goods and services provided hereunder by CONTRACTOR to COUNTY. Contractor will be solely liable and responsible for, and shall pay such tax liability directly to the state or other taxing authority. In addition, CONTRACTOR shall be solely responsible for all tax liability based on CONTRACTOR'S income or gross revenue, or personal property taxes levied or assessed on CONTRACTOR'S personal property to which COUNTY does not hold title.

**9.0 FACSIMILE REPRESENTATIONS FOR CHANGE NOTICES**

For purposes of Change Notices only, the COUNTY and CONTRACTOR hereby agree to regard facsimile representations of original signature of authorized officers of each party, when appearing in appropriate places on the Change Notices prepared pursuant to Section 4.0, (Changes and Amendments), and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices, such that the parties

need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

#### **10.0 GRATUITOUS WORK**

CONTRACTOR agrees that should work or services, other than those set forth in Exhibit A (Statement of Work), be performed without the prior written modification of this Contract in accordance with Section 4.0 (Changes and Amendments), they are deemed gratuitous and CONTRACTOR shall have no claim therefore.

#### **11.0 ASSIGNMENT AND DELEGATION**

11.1 CONTRACTOR shall not assign its rights or delegate its duties under this Contract, or both, either in whole or in part, without the prior written consent of DOP, except that upon prior written notice to DOP, CONTRACTOR may delegate, in part but not in whole, the work and Services to be provided under the Contract to a wholly owned subsidiary of MELLON. Any unapproved assignment or delegation shall be null and void. Any payments by DHR to any approved delegate or assignee on any claim under this Contract shall be deductible, at DHR's sole discretion, against the claims, which CONTRACTOR may have against COUNTY. Notwithstanding anything herein to the contrary, MELLON remains fully responsible and liable for the performance of all CONTRACTOR'S obligations under the Contract, including without limitation any work delegated pursuant to this Section 11.1.

11.2 If any assumption, assignment, delegation, or takeover of any of CONTRACTOR'S duties, responsibilities, obligations, or performance of same by any entity other than CONTRACTOR, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without DHR's express prior written approval, may result in the termination of this Contract.

#### **12.0 BUDGET REDUCTIONS**

In the event that COUNTY'S Board of Supervisors adopts, in any fiscal year, a COUNTY Budget which provides for reductions in the salaries and benefits paid to the majority of COUNTY employees and imposes similar reductions with respect to COUNTY Contracts, COUNTY reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year services provided by CONTRACTOR under the Contract. COUNTY'S notice to CONTRACTOR regarding said reduction in payment obligation shall be provided within 30 calendar days of the Board's approval of such actions. CONTRACTOR shall continue to provide all of the services set forth in the Contract.

**13.0 COMPLIANCE WITH APPLICABLE LAW**

- 13.1 CONTRACTOR shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives (including but not limited to the Health Insurance Portability and Accountability Act – HIPAA), and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 13.2 CONTRACTOR shall indemnify, defend and hold harmless COUNTY, pursuant to Section 27.2 (Indemnification), from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of CONTRACTOR or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

**14.0 COMPLIANCE WITH CIVIL RIGHTS LAWS**

CONTRACTOR hereby assures that it will comply with Subchapter VII of the Civil Rights Act of 1964, 42 USC Section 2000(e) (1) through 2000(e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. CONTRACTOR shall comply with Exhibit D (CONTRACTOR'S EEO Certification).

**15.0 CONFLICT OF INTEREST**

- 15.1 No COUNTY employee whose position with COUNTY enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by CONTRACTOR or have any other direct or indirect financial interest in this Contract. No officer or employee of CONTRACTOR who may financially benefit from the performance of work hereunder shall in any way participate in COUNTY'S approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence COUNTY'S approval or ongoing evaluation of such work.
- 15.2 CONTRACTOR shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. CONTRACTOR warrants that it is not now aware of any facts that create a conflict of interest. If CONTRACTOR hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to COUNTY. Full written disclosure shall include, but is not

limited to, identification of all persons implicated and a complete description of all relevant circumstances.

**16.0 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST**

Should CONTRACTOR require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, CONTRACTOR shall give first consideration for such employment openings to qualified, permanent COUNTY employees who are targeted for layoff or qualified, former COUNTY employees who are on a re-employment list during the life of this Contract.

**17.0 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS**

Should CONTRACTOR require additional or replacement personnel after the effective date of this Contract, CONTRACTOR shall give consideration for any such employment openings to participants in COUNTY'S Department of public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet CONTRACTOR'S minimum qualifications for the open position. For this purpose, consideration shall mean that CONTRACTOR will interview qualified candidates. COUNTY will refer GAIN/GROW participants by job category to CONTRACTOR.

In the event that both laid-off COUNTY employees and GAIN/GROW participants are available for hiring, COUNTY employees shall be given first priority.

**18.0 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

**18.1 Responsible Contractor**

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Contract. It is COUNTY'S policy to conduct business only with responsible Contractors.

**18.2 Chapter 2.202 of COUNTY Code**

CONTRACTOR is hereby notified that, in accordance with Chapter 2.202 of COUNTY Code, if COUNTY acquires information concerning the performance of CONTRACTOR on this or other Contracts which indicates that CONTRACTOR is not responsible, COUNTY may, in addition to other remedies provided in the Contract, debar CONTRACTOR from bidding on COUNTY contracts for a specified period of time not to exceed three (3) years, and terminate any or all existing Contracts CONTRACTOR may have with COUNTY.

### **18.3 Non-Responsible Contractor**

COUNTY may debar a Contractor if the Board of Supervisors finds, in its discretion, that CONTRACTOR has done any of the following: (1) violated any term of a Contract with COUNTY, (2) committed any act or omission which negatively reflects on CONTRACTOR'S quality, fitness or capacity to perform a Contract with COUNTY or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against COUNTY or any other public entity.

### **18.4 Contractor Hearing Board**

If there is evidence that CONTRACTOR may be subject to debarment, DHR will notify CONTRACTOR in writing of the evidence that is the basis for the proposed debarment and will advise CONTRACTOR of the scheduled date for a debarment hearing before CONTRACTOR Hearing Board.

CONTRACTOR Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The CONTRACTOR and/or CONTRACTOR'S representative shall be given an opportunity to submit evidence at that hearing. After the hearing, CONTRACTOR Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether CONTRACTOR should be debarred, and, if so, the appropriate length of time of the debarment. If CONTRACTOR fails to avail itself of the opportunity to submit evidence to CONTRACTOR Hearing Board, CONTRACTOR may be deemed to have waived all rights of appeal.

A record of the hearing, the proposed decision, and any other recommendation of CONTRACTOR Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Hearing Board.

### **18.5 Subcontractors of Contractor**

These terms shall also apply to Subcontractors of COUNTY Contractors.

## **19.0 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT**

CONTRACTOR acknowledges that COUNTY places a high priority on the enforcement of child support laws and the apprehension of child support

evaders. CONTRACTOR understands that it is COUNTY'S policy to encourage all COUNTY Contractors to voluntarily post COUNTY'S "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at CONTRACTOR'S place of business. COUNTY'S Child Support Services Department will supply CONTRACTOR with the poster to be used.

**20.0 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

20.1 CONTRACTOR acknowledges that COUNTY has established a goal of ensuring that all individuals who benefit financially from COUNTY through Purchase Order or Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon COUNTY and its taxpayers.

20.2 As required by COUNTY'S Child Support Compliance Program (COUNTY Code Chapter 2.200) and without limiting CONTRACTOR'S duty under this Contract to comply with all applicable provisions of law, CONTRACTOR warrants that it is now in compliance and shall during the term of this Contract maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

**21.0 COUNTY'S QUALITY ASSURANCE PLAN**

COUNTY or its agent will evaluate CONTRACTOR'S performance under this Contract on not less than an annual basis. Such evaluation will include assessing CONTRACTOR'S compliance with all Contract terms and conditions and performance standards. CONTRACTOR deficiencies which COUNTY determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by COUNTY and CONTRACTOR. If improvement does not occur consistent with the corrective action measures, COUNTY may terminate this contract or impose other penalties as specified in this Contract.

**22.0 EMPLOYMENT ELIGIBILITY VERIFICATION**

CONTRACTOR warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien

status requirements set forth in Federal and State statutes and regulations. CONTRACTOR shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. CONTRACTOR shall retain all such documentation for all covered employees for the period prescribed by law. CONTRACTOR shall indemnify, defend, and hold harmless, COUNTY, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against CONTRACTOR or COUNTY or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

### **23.0 FAIR LABOR STANDARDS**

CONTRACTOR shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless COUNTY and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by CONTRACTOR'S employees for which COUNTY may be found jointly or solely liable.

### **24.0 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract shall be governed by, and construed in accordance with, the laws of the State of California without regard for California's choice of law provisions. CONTRACTOR agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

### **25.0 REPORTS AND RECORDS**

Upon expiration of this Contract, or in the event of cancellation, on the demand of the CCA, all documents, reports, records, case files, correspondence and work product relating to CONTRACTOR'S operations under this Contract shall be returned to the CCA or to such other location in COUNTY as the CCA may direct. It is understood that all of the materials described in this Section 25 are the property of COUNTY and not of CONTRACTOR herein, provided however that any materials will not be construed to include any of CONTRACTOR'S proprietary information pursuant to Section 44. Subject to CONTRACTOR'S obligation to return or destroy Protected Health Information pursuant to Section 49 (CONTRACTOR'S Obligation as a Business Associate Under the

Health Insurance Portability and Accountability Act of 1996), CONTRACTOR is permitted to retain one copy of materials surrendered hereunder solely for archival purposes, provided that such copy will continue to be subject to the obligations set forth in Section 6.4 (Confidentiality).

## **26.0 INDEPENDENT CONTRACTOR STATUS**

26.1 This Contract is by and between COUNTY and CONTRACTOR and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between COUNTY and CONTRACTOR. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever. CONTRACTOR is, and shall perform under this Contract as, an independent contractor.

26.2 CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. COUNTY shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of CONTRACTOR.

26.3 CONTRACTOR understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of CONTRACTOR and not employees of COUNTY. CONTRACTOR shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of CONTRACTOR pursuant to this Contract.

## **27.0 WARRANTIES, INDEMNIFICATION, LIMITATION OF LIABILITY**

### **27.1 Warranty**

CONTRACTOR hereby represents, warrants, and covenants, to COUNTY the following:

27.1.1 CONTRACTOR represents and warrants that (a) CONTRACTOR has the full power and authority to grant the License (as defined in Section 44.1 [Ownership of Materials, Software and Copyright]) and all other rights granted by the Contract to COUNTY, (b) no consent of any other person or entity is required by CONTRACTOR to grant such rights other than consents that have been obtained and are in effect, (c) COUNTY is entitled to use and access the services provided

hereunder without interruption of system use, except as for permitted downtime for maintenance services as set forth in Exhibit A (Statement of Work), (d) the Contract and the intellectual property rights licensed herein, are neither subject to any liens, encumbrances, or pledges nor subordinate to any right or claim of any third party, including CONTRACTOR'S creditors, (e) during the Term, CONTRACTOR shall not subordinate the Contract or any of its rights hereunder to any third party without the prior written consent of COUNTY, and without providing in such subordination instrument for non-disturbance of COUNTY'S use and access of all the services provided hereunder, and (f) neither the performance of the Agreement by CONTRACTOR, nor the license to, and use by, COUNTY and its users of the system and services provided hereunder in accordance with the Agreement will in any way violate any non-disclosure Agreement, nor, to the best of CONTRACTOR'S knowledge, constitute any infringement or other violation of any copyright, trade secret, trademark, service mark, proprietary information, or other intellectual property rights (excluding patent) of any third party.

- 27.1.2 CONTRACTOR shall, in the performance of all work strictly comply with the descriptions and representations (including documentation requirements, performance capabilities, accuracy, completeness, characteristics, specifications, configurations, standards, functions and requirements) as set forth in the Contract, including without limitation the Statement of Work, and the system and services provided hereunder shall perform in accordance with such descriptions and representations.
- 27.1.3 All tasks, subtasks, deliverables, goods, services, and other work required hereunder be performed in a timely and professional manner by qualified personnel.
- 27.1.4 All documentation developed under the Contract shall be uniform in appearance.
- 27.1.5 CONTRACTOR shall not cause, intentionally or negligently, any unplanned interruption of the operations of, or accessibility to the system or services provided hereunder, or any component thereof, through any device, method or means including the use of any "virus," "lockup," "time bomb," or "key lock," "worm," device or program, or disabling code, (collectively referred to as a "Disabling Device"), which has the potential or capability of compromising the security of COUNTY'S confidential or proprietary information or of causing any unplanned interruption

of the accessibility of the system or services provided hereunder, or any component thereof, by COUNTY or any user or which could alter, destroy, or inhibit the use of the system or services provided hereunder, or any component thereof, or the data contained therein. CONTRACTOR has not purposely placed, nor is it aware of, any Disabling Device on any system or services provided hereunder, or any component thereof, nor shall CONTRACTOR knowingly permit any subsequently delivered component to contain any Disabling Device.

## **27.2 Indemnification**

CONTRACTOR shall indemnify, defend and hold harmless COUNTY, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability (actual or alleged), including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with CONTRACTOR'S acts, errors, and/or omissions arising from and/or relating to this Contract. COUNTY shall inform CONTRACTOR as soon as practicable of any claim or action for which indemnification is sought, and shall support CONTRACTOR'S defense and settlement thereof. Any legal defense pursuant to CONTRACTOR'S indemnification obligations under this Section 27.2 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by COUNTY in writing, which approval shall not be unreasonably withheld or delayed. CONTRACTOR shall not, however, without COUNTY'S prior written approval, accept any settlement, or enter a plea of guilty or *nolo contendere*, to any charge or claim that results in other than a monetary judgment against COUNTY Indemnitees, which monetary judgment shall not exceed CONTRACTOR'S ability to pay and which shall be paid by CONTRACTOR.

## **27.3 Limitation of Liability**

27.3.1 COUNTY will endeavor to provide, or cause its employees, agents, or other service providers to provide, accurate data, documents, and other information reasonably necessary for CONTRACTOR to provide the services specified in this Contract, including, but not limited to, all benefits plan documents and instruments under which such plans are maintained as well as administrative and operating procedures utilized by COUNTY in administering such plans. CONTRACTOR is not responsible nor liable for any errors or omissions contained in any data, documents, or other information in the form as provided by COUNTY under the Contract or pursuant to the Services provided hereunder, provided such errors or omissions have not or should not have been detected in any

exception reports agreed to by COUNTY and CONTRACTOR, or administered by CONTRACTOR pursuant to its ordinary business practices and procedures as applied generally to its customers ("COUNTY Data Error"). CONTRACTOR shall have no responsibility or liability for additional costs resulting from the receipt of COUNTY Data Error, but solely to the extent such costs result from COUNTY Data Error. Notwithstanding anything herein, CONTRACTOR shall correct any such COUNTY Data Error received from COUNTY as directed by COUNTY. COUNTY will reimburse CONTRACTOR, or pay on CONTRACTOR'S behalf, damages rendered in final judgments to third parties resulting from claims resulting from COUNTY Data Error. CONTRACTOR shall notify COUNTY promptly of any such claims alleged against CONTRACTOR and shall support COUNTY'S defense and settlement thereof. CONTRACTOR shall not enter into any settlement without COUNTY'S prior written approval.

27.3.2 Limited Warranty/Disclaimer of Warranties. Except for the warranties set forth in Section 15.2 (Conflict of Interest), 20.2 (CONTRACTOR'S Warranty of Adherence to County's Child Support Compliance Program), 22.0 (Employment Eligibility Verification), 27.1 (Warranty), 42.1 (Warranty Against Contingent Fees), and 54.0 (Authorization Warranty) hereof, CONTRACTOR makes no representation or warranties, express or implied, statutory or otherwise, with respect to the services to be provided under this Contract, including, without limitation, any implied warranty or merchantability or fitness for a particular purpose.

27.3.3 Exclusion of Non-Direct Damages. Except in respect of any liability that arises under clauses (a)-(c) of Section 27.3.4 (Damage Limitation) CONTRACTOR is not liable for indirect, punitive, incidental, special, or consequential or similar damages, without regard to the legal theory of such damages, even if advised of the possibility of such damages, arising out of or related to the services provided hereunder.

27.3.4 Damage Limitation. Except with respect to (a) claims arising from CONTRACTOR'S, including without limitation its employees', directors', officers', agents', subsidiaries', and subcontractors', willful misconduct, (b) third party claims subject to indemnification pursuant to Section 27.2 (Indemnification), and (c) third party claims arising under Section 45 (Patent, Copyright and Trade Secret Indemnification), in no case shall CONTRACTOR'S liability under this Contract exceed an amount equal to two times the Maximum Contract Sum. The parties acknowledge that CONTRACTOR has set its prices and entered into this Contract in

reliance upon the limitations of liability and disclaimer of warranties, and damages set forth in this Contract and that the same form an essential basis of the bargain between the parties.

**28. GENERAL INSURANCE REQUIREMENTS**

Without limiting CONTRACTOR'S indemnification of COUNTY and during the term of this Contract, CONTRACTOR shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by COUNTY. Such coverage shall be provided and maintained at CONTRACTOR'S own expense.

**28.1 Evidence of Insurance:** Certificate(s) or other evidence of coverage satisfactory to COUNTY shall be delivered prior to commencing services under this Contract to:

Employee Benefits Division  
Department of Human Resources  
3333 Wilshire Blvd., Suite 1000  
Los Angeles, CA 90010

Such certificates or other evidence shall:

28.1.1 Specifically identify this Contract;

28.1.2 Clearly evidence all coverages required in this Contract;

28.1.3 Contain the express condition that COUNTY is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.

28.1.4 Include copies of the additional insured endorsement to the commercial general liability policy, adding COUNTY of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Contract; and

28.1.5 Identify any deductibles or self-insured retentions.

**28.1.6 Insurer Financial Ratings:** Insurance is to be provided by an insurance company acceptable to COUNTY with an A.M. Best rating of not less than A:VII unless otherwise approved by COUNTY.

**28.1.7 Failure to Maintain Coverage:** Failure by CONTRACTOR to maintain the required insurance, or to provide evidence of insurance coverage acceptable to COUNTY, shall constitute a material breach of the contract upon which COUNTY may immediately terminate or suspend this Contract. COUNTY, at its sole option, may obtain damages from CONTRACTOR resulting from said breach. Alternatively, COUNTY may purchase such required insurance coverage, and without further notice to CONTRACTOR, COUNTY may deduct from sums due to CONTRACTOR any premium costs advanced by COUNTY for such insurance.

**28.1.8 Notification of Incidents, Claims or Suits:** CONTRACTOR shall report to COUNTY:

28.1.8.1 Any accident or incident relating to services performed under this Contract which involves injury or property damage which may result in the filing of a claim or lawsuit against CONTRACTOR and/or COUNTY. Such report shall be made in writing within 24 hours of CONTRACTOR becoming aware of such occurrence. CONTRACTOR shall exercise reasonable care and diligence in the discovery and reporting of any such accident or incident.

28.1.8.2 Any third party claim or lawsuit filed against CONTRACTOR arising from or related to services performed by CONTRACTOR under this Contract.

28.1.8.3 Any injury to a CONTRACTOR employee which occurs on COUNTY property. This report shall be submitted on a COUNTY Non-employee Injury Report to COUNTY contract manager.

28.1.8.4 Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of COUNTY property, monies or securities entrusted to CONTRACTOR under the terms of this Contract.

**28.1.9 Compensation for COUNTY Costs**

In the event that CONTRACTOR fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to COUNTY, CONTRACTOR shall pay full compensation for all costs incurred by COUNTY.

### 28.1.10 Insurance Coverage Requirements for Sub-Contractors

CONTRACTOR shall ensure any and all sub-contractors performing services under this Contract meet the insurance requirements of this Contract by either:

28.1.10.1 CONTRACTOR providing evidence of insurance covering the activities of sub-contractor, or

28.1.10.2 CONTRACTOR providing evidence submitted by sub-contractors evidencing that sub-contractors maintain the required insurance coverage. COUNTY retains the right to obtain copies of evidence of sub-contractor insurance coverage at any time.

## 29.0 INSURANCE COVERAGE REQUIREMENTS

29.1 **General Liability** insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

29.2 **Automobile Liability** insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all owned hired, and non-owned vehicles, or coverage for any auto.

29.3 **Workers' Compensation and Employers Liability** insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which CONTRACTOR is responsible. If CONTRACTOR'S employees will be engaged in maritime employment, coverage shall provide workers compensation benefits as required by the U. S. Longshore and Harbor Workers Compensation Act, Jones Act or any other federal law for which CONTRACTOR is responsible. In all cases, the above insurance also shall include Employers Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

29.4 **Professional Liability** insurance covering liability arising from any error, omission, negligent or wrongful act of CONTRACTOR, its officers or

employees with limits of not less than \$1 million per occurrence and \$3 million aggregate. The coverage also shall provide either for an extended two-year reporting period commencing upon termination or expiration of this Contract, or shall be continued for two years following termination or expiration of the Contract.

- 29.5 **Crime Coverage** Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Contract, and naming COUNTY as an additional insured.

Employee Dishonesty:	\$ 1 million
Forgery or Alteration:	\$ 1 million
Theft, Disappearance and Destruction:	\$ 1 million
Computer Fraud:	\$ 1 million
Burglary and Robbery:	\$ 1 million

30.0 **INTENTIONALLY OMITTED**

31.0 **NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with CONTRACTOR. This Contract shall not restrict COUNTY from acquiring similar, equal or like goods and/or services from other entities or sources.

32.0 **SUBCONTRACTING**

- 32.1 No requirements of this Contract may be subcontracted by CONTRACTOR without the advance approval of COUNTY as provided in this Paragraph 32.0. Any attempt by CONTRACTOR to subcontract without the prior consent of COUNTY may be deemed a material breach of this Contract.

- 32.2 If CONTRACTOR desires to subcontract, CONTRACTOR shall provide the following information promptly at COUNTY'S request:

32.2.1 A description of the work to be performed by the subcontractor.

32.2.2 A draft copy of the proposed subcontract, which must contain, at a minimum, all provisions of this Contract.

32.2.3 Other pertinent information and/or certifications requested by COUNTY.

- 32.3 CONTRACTOR shall indemnify, defend, and hold harmless the COUNTY from and against any and all liability with respect to the activities of each

and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were CONTRACTOR employees.

- 32.4 CONTRACTOR shall remain fully responsible for all performances required of it under this Contract, including those which CONTRACTOR has determined to subcontract, notwithstanding COUNTY'S approval of CONTRACTOR'S proposed subcontract.
- 32.5 COUNTY'S consent to subcontract shall not waive COUNTY'S right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Contract. CONTRACTOR is responsible to notify its subcontractors of this COUNTY right.
- 32.6 The CCA or his designee is authorized to act for and on behalf of COUNTY with respect to approval of any subcontracting and subcontractor employees.
- 32.7 CONTRACTOR shall be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agent, and successors in interest arising through services performed hereunder, notwithstanding COUNTY'S consent to subcontract.
- 32.8 CONTRACTOR shall obtain the following from each approved subcontractor and shall deliver to the Department of Human Resources, Employee Benefits Division, 3333 Wilshire Blvd., Suite 1000, Los Angeles, CA 90010, before any work may be performed under such subcontract:
  - 32.8.1 A fully executed copy of each subcontract entered into by CONTRACTOR;
  - 32.8.2 An executed Subcontractor Employee Acknowledgement and Confidentiality Agreement for each subcontractor employee approved to perform work hereunder; and
  - 32.8.3 Certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by COUNTY.

### **33.0 TERMINATION FOR DEFAULT**

- 33.1 COUNTY may, by written notice to CONTRACTOR terminate the whole or any part of this Contract, if, in the judgment of COUNTY'S Project Director:

- 33.1.1 CONTRACTOR has materially breached or failed to comply with provisions of this Contract;
  - 33.1.2 CONTRACTOR fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contractor; or
  - 33.1.3 CONTRACTOR fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract; and
  - 33.1.4 in any instance arising under Sections 33.1.1 through 33.1.3, fails to demonstrate convincing progress toward a cure within ten (10) working days (or such longer period as COUNTY may authorize in writing) after receipt of written notice from COUNTY specifying such failure, provided COUNTY has pursued, without satisfaction to COUNTY, the dispute resolution process set forth in Section 60 (Dispute Resolution Procedure) in respect of such alleged failure.
- 33.2 In the event that COUNTY terminates this Contract in whole or in part as provided in Section 33.1, COUNTY may procure, upon such terms and in such manner as COUNTY may deem appropriate, consistent with then current market conditions, goods and services substantially similar to those so terminated. CONTRACTOR shall be liable to COUNTY, subject to COUNTY'S duty to mitigate, for any and all excess costs incurred by COUNTY for such similar goods and services. CONTRACTOR shall continue the performance of this Contract to the extent not terminated under the provisions of this sub-paragraph.
- 33.3 Following a termination by COUNTY, in whole or in part of the Contract, for any reason whatsoever, CONTRACTOR shall promptly return to COUNTY any and all of COUNTY'S confidential information that relates to that portion of the Contract or work terminated by COUNTY. CONTRACTOR and COUNTY shall continue the performance of the Contract to the extent not otherwise terminated.
- 33.4 Except with respect to defaults of any subcontractor, CONTRACTOR shall not be liable for any such excess costs of the type identified in Section 33.2, or, subject to Section 47 (Notice of Delays), any other failure to perform under this Contract, if CONTRACTOR'S failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of CONTRACTOR. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of COUNTY in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine

restrictions, strikes, freight embargoes, and unusually severe weather but in every case, the failure to perform must be beyond the control and without the fault or negligence of CONTRACTOR. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both CONTRACTOR and subcontractor, and without the fault or negligence of either of them, CONTRACTOR shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit CONTRACTOR to meet the required performance schedule. As used in this Subparagraph 33.4, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

- 33.5 If, after COUNTY has given notice of termination under the provisions of this Section 33.0, it is determined by COUNTY or otherwise that CONTRACTOR was not in default under the provisions of this Section 33.0, or that the default was excusable or curable under the provisions of this Section 33.0, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 35.0 (Termination for Convenience) except that no additional notice shall be required to effect such termination.

#### **34.0 TERMINATION FOR INSOLVENCY**

- 34.1 COUNTY may cancel forthwith this Contract in the event or the occurrence of any of the following:
- 34.1.1 Insolvency of CONTRACTOR. CONTRACTOR shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not CONTRACTOR is insolvent within the meaning of the Federal Bankruptcy Code;
  - 34.1.2 The filing of a voluntary or involuntary petition regarding CONTRACTOR under the Federal Bankruptcy Code;
  - 34.1.3 The appointment of a Receiver or Trustee for CONTRACTOR; or
  - 34.1.4 The execution by CONTRACTOR of a general assignment for the benefit of creditors.
- 34.2 The rights and remedies of COUNTY provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

### **35.0 TERMINATION FOR CONVENIENCE**

- 35.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by COUNTY, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to CONTRACTOR specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than thirty (30) calendar days after the notice is sent.
- 35.2 After receipt of a notice of termination and except as otherwise directed by COUNTY, CONTRACTOR shall:
- 35.2.1 Stop work under this Contract on the date and to the extent specified in such notice, and
- 35.2.2 Complete performance of such part of the work as shall not have been terminated by such notice.
- 35.3 Nothing in this Section 35.0 is deemed to prejudice any right of CONTRACTOR to make a claim against COUNTY in accordance with the Contract and applicable law and COUNTY procedures for payment for work performed through the effective date of termination. Without limiting the generality of the foregoing, COUNTY acknowledges that if it terminates the Contract for convenience pursuant to this Section 35.0 CONTRACTOR is entitled to reimbursement of all or a portion of the sum of the start up costs set forth on Exhibit B (Fee Schedule) plus the amount set forth for the 2004 open enrollment period, as set forth on Exhibit B (in the aggregate, the "Deferred Costs") calculated in accordance with the schedule attached to Exhibit B (Fee Schedule). CONTRACTOR, however, acknowledges that the rights and remedies set forth in this Section 35.0 shall be the only remedy available to CONTRACTOR in the event of a termination pursuant to this Section 35.0 by COUNTY. Such claim and invoice shall be submitted promptly, no later than thirty (30) calendar days from the effective date of termination.

### **36.0 TERMINATION FOR IMPROPER CONSIDERATION**

- 36.1 COUNTY may, by written notice to CONTRACTOR, immediately terminate the right of CONTRACTOR to proceed under this Contract if it is found that consideration, in any form, was offered or given by CONTRACTOR, either directly or through an intermediary, to any COUNTY officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to CONTRACTOR'S performance pursuant to this Contract. In the event of

such termination, COUNTY shall be entitled to pursue the same remedies against CONTRACTOR as it could pursue in the event of default by CONTRACTOR.

36.2 CONTRACTOR shall immediately report any attempt by a COUNTY officer or employee to solicit such improper consideration. The report shall be made either to COUNTY manager charged with the supervision of the employee or to COUNTY Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

36.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

**37.0 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

CONTRACTOR, and each COUNTY lobbyist or COUNTY Lobbying firm as defined in COUNTY Code Section 2.160.010 retained by CONTRACTOR, shall fully comply with COUNTY'S Lobbyist Ordinance, COUNTY Code Chapter 2.160. Failure on the part of CONTRACTOR or any COUNTY Lobbyist or COUNTY Lobbying firm retained by CONTRACTOR to fully comply with COUNTY'S Lobbyist Ordinance shall constitute a material breach of this Contract, upon which COUNTY may, in its sole discretion, immediately terminate or suspend this Contract.

**38.0 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

Notwithstanding any other provision of this Contract, COUNTY shall not be obligated for CONTRACTOR'S performance hereunder or by any provision of this Contract during any of COUNTY'S future fiscal years unless and until COUNTY'S Board of Supervisors appropriates funds for this Contract in COUNTY'S Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. COUNTY shall notify CONTRACTOR in writing of any such non-allocation of funds at the earliest possible date.

**39.0 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN CHILD SUPPORT COMPLIANCE**

Failure of CONTRACTOR to maintain compliance with the requirements set forth in Section 20.0 (CONTRACTOR'S Warranty of Adherence to COUNTY'S Child Support Compliance Program), shall constitute a default by CONTRACTOR under this Contract. Without limiting the rights and remedies available to COUNTY under any other provision of this Contract, failure to cure such default

within 90 days of notice by the Los Angeles COUNTY Child Support Services Department shall be grounds upon which the Board of Supervisors may terminate this Contract pursuant to Section 33.0 (Termination for Default).

**40.0 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

CONTRACTOR certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

**41.0 MOST FAVORED PUBLIC ENTITY**

If CONTRACTOR'S prices decline, or should CONTRACTOR, at any time during the term of this Contract, provide the same goods or services under similar quantity and delivery conditions to the State of California or any COUNTY, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to COUNTY.

**42.0 WARRANTY AGAINST CONTINGENT FEES**

42.1 CONTRACTOR warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial selling agencies maintained by CONTRACTOR for the purpose of securing business.

42.2 For breach of this warranty, COUNTY shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

**43.0 NOTICES**

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties at the following addresses:

To COUNTY:

Director of Personnel  
Department of Human Resources  
579 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

To CONTRACTOR:

To MELLON:

Mellon Financial Corporation  
400 South Hope Street  
Suite 500  
Los Angeles, CA 90071  
Attn: Gill Realon  
Vice President

To BUCK:

Buck Consultants Inc.  
1801 Century Park East, Suite 500  
Los Angeles, CA 90067  
Attn: Harold A. Loeb, A.S.A.  
Principal and Consulting Actuary

Addresses may be changed by either party by giving written notice thereof to the other party. The Director of Personnel shall have the authority to issue all notices or demands required or permitted by COUNTY under this Contract.

#### **44.0 LICENSE, OWNERSHIP OF MATERIALS, SOFTWARE AND COPYRIGHT**

44.1 CONTRACTOR hereby grants, and County hereby accepts, a nonexclusive, nontransferable license (the "License") to use and access CONTRACTOR'S intellectual property rights as may be necessary for COUNTY fully to enjoy the rights granted to it in the Contract. The License shall terminate upon conclusion of the Transition Plan services provided following the expiration or earlier termination of this Contract. CONTRACTOR'S services under the Contract shall be accessible by an unlimited number of County employees, including for this purpose, the Los Angeles Superior Court's employees, and those representatives, agents, contractors, and third parties whose relationships with County require access to the services provided hereunder (e.g. administrators of COUNTY'S employee unions who are not employees of COUNTY), provided however that the foregoing shall not be construed to permit the

COUNTY to provide access to the services provided hereunder to any person or third party who has been retained by COUNTY to provide services similar to those being provided hereunder. Moreover, COUNTY shall be the sole owner of all right, title and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter "Materials") which are originated or created through CONTRACTOR'S work pursuant to this Contract. CONTRACTOR, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in COUNTY all CONTRACTOR'S right, title and interest in and to such Materials, including any copyright, patent and trade secret rights which arise pursuant to CONTRACTOR'S work under this Contract. Notwithstanding the foregoing, nothing in this Contract shall operate to grant COUNTY an ownership interest in any proprietary rights in any Material (or other property of any kind) that CONTRACTOR or its employees or subcontractors acquired or developed prior to the Effective Date or that CONTRACTOR or its employees or subcontractors obtain in the future in connection with work of the CONTRACTOR that is unrelated to the performance of this Contract or the Services provided hereunder. COUNTY acknowledges that any Materials originated or created hereunder may be designed to work in connection with proprietary software of CONTRACTOR that is being provided or made available hereunder on an application service provider basis by CONTRACTOR and that COUNTY will have no right to continue the use or access of such software after this Contract after conclusion of the Transition Plan instituted following termination or expiration of the Contract. With respect to any Materials assigned to COUNTY hereunder, COUNTY hereby grants CONTRACTOR a nonexclusive, irrevocable, perpetual, worldwide, transferable, sublicenseable and royalty-free license to use, modify, copy, display and make derivative works from such Materials.

- 44.2 During the term of this Contract and for five (5) years thereafter, CONTRACTOR shall maintain and provide security for all CONTRACTOR'S working papers prepared under this Contract. COUNTY shall have the right to inspect copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained therein.
- 44.3 Any and all materials, software and tools which are developed or were originally acquired by CONTRACTOR outside the scope of this Contract, which CONTRACTOR desires to use hereunder, and which CONTRACTOR considers to be proprietary or confidential, must be specifically identified by CONTRACTOR to COUNTY'S Project Manager as proprietary or confidential, and shall be plainly and prominently marked by CONTRACTOR as "Proprietary" or "Confidential" on each appropriate

page of any document, or through a watermark or some other digital signature in electronic media, containing such material.

- 44.4 COUNTY will use reasonable means, which shall at least be consistent with COUNTY'S measures taken to protect the security and confidentiality of its own technology and proprietary data, to ensure that CONTRACTOR'S proprietary and/or confidential items are safeguarded and held in confidence. COUNTY agrees not to reproduce, distribute or disclose to non-COUNTY entities any such proprietary and/or confidential items without the prior written consent of CONTRACTOR, except as may be required by law. COUNTY further agrees that it will not attempt to reproduce, decompile, or reverse engineer, and will not direct or request any third party to do the same, any part of CONTRACTOR'S proprietary software used by CONTRACTOR in providing Services under this Contract. Upon termination or expiration of the Contract, and to the extent permitted by law, COUNTY will, upon request by CONTRACTOR, return or destroy such confidential and/or proprietary items, other than Materials, to CONTRACTOR, except that one copy may be kept solely for archival purposes.
- 44.5 Notwithstanding any other provision of this Contract, COUNTY will not be obligated to CONTRACTOR in any way under subparagraph 44.4 for any of CONTRACTOR'S proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by Subparagraph 44.3 or for any disclosure which COUNTY is required to make under any state or federal law or order of court. In the event COUNTY is required to disclose CONTRACTOR'S proprietary or confidential information under any state or federal law or order of court, COUNTY agrees that it will, unless legally prohibited, give CONTRACTOR notice of such required disclosure in order to permit CONTRACTOR to seek an appropriate protective order.
- 44.6 All the rights and obligations of this Paragraph 44.0 shall survive the expiration or termination of this Contract.

#### **45.0 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION**

- 45.1 CONTRACTOR shall indemnify, hold harmless and defend COUNTY, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability (actual or alleged), damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent, copyright or other intellectual property rights, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of CONTRACTOR'S work under this Contract. COUNTY shall inform CONTRACTOR as soon as practicable of any claim

or action alleging such infringement or unauthorized disclosure, and shall support CONTRACTOR'S defense and settlement thereof. Any legal defense pursuant to CONTRACTOR'S indemnification obligations under this Section 45.0 shall be conducted by CONTRACTOR and performed by counsel selected by CONTRACTOR and approved by COUNTY in writing, which approval shall not be unreasonably withheld or delayed. CONTRACTOR shall not, however, without COUNTY'S prior written approval, accept any settlement, or enter a plea of guilty or *nolo contendere*, to any charge or claim that results in other than a monetary judgment against COUNTY Indemnitees, which monetary judgment shall not exceed CONTRACTOR'S ability to pay and which shall be paid by CONTRACTOR.

- 45.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that COUNTY'S continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, CONTRACTOR, at its sole expense, and providing that COUNTY'S continued use of the system if not materially impeded, shall either:

45.2.1 Procure for COUNTY all rights to continued use of the questioned equipment, part, or software product; or

45.2.2 Replace the questioned equipment, part, or software product with a non-questioned item; or

45.2.3 Modify the questioned equipment, part, or software so that it is free of claims.

- 45.3 CONTRACTOR shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by CONTRACTOR, in a manner for which the questioned product was not designed not intended.

#### **46.0 COMPLIANCE WITH JURY SERVICE PROGRAM**

##### **46.1 Jury Service Program**

This Contract is subject to the provisions of COUNTY'S ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles COUNTY Code.

##### **46.2 Written Employee Jury Service Policy**

- 46.2.1 Unless Contractor has demonstrated to COUNTY'S satisfaction either that Contractor is not a "Contractor" as defined under the

Jury Service Program (Section 2.203.020 of COUNTY Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of COUNTY Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from CONTRACTOR, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with CONTRACTOR or that CONTRACTOR deduct from the employee's regular pay the fees received for jury service.

46.2.2 For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with COUNTY or a subcontract with a COUNTY contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more COUNTY contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by COUNTY, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for COUNTY under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

46.2.3 If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify COUNTY if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. COUNTY may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to COUNTY'S satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.

46.2.4 CONTRACTOR'S violation of this Section of the contract may constitute a material breach of the Contract. In the event of such

material breach, COUNTY may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future COUNTY contracts for a period of time consistent with the seriousness of the breach.

#### **47.0 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within three (3) business days, give notice thereof, including any relevant information with respect thereto, to the other party. If CONTRACTOR believes the delay is attributable to COUNTY error, delay, or nonperformance, CONTRACTOR shall set forth in reasonable detail the impact of the delay, including the cost, if any, to COUNTY to remedy such delay. If CONTRACTOR fails to notify COUNTY in writing of any alleged failure, delay or inadequacy of performance of any of COUNTY'S obligations in a timely manner as set forth in this Section 47, CONTRACTOR shall not be entitled to rely upon such alleged failure, delay or inadequacy of performance for any purpose whatsoever, including as a purported justification for either: (1) claiming that CONTRACTOR is entitled to receive any additional payments from COUNTY hereunder or (2) failing to fulfill any of CONTRACTOR'S obligations in a timely manner. This Section 47 shall not be interpreted or construed as expanding in any manner the financial obligations of COUNTY under the Contract.

#### **48.0 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT**

CONTRACTOR shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. CONTRACTOR shall also maintain accurate and complete employment and other records relating to its performance of this Contract. CONTRACTOR agrees that COUNTY, or its authorized representatives, shall, upon no less than five (5) days prior notice and during regular business hours (unless otherwise agreed by the parties), have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or records relating to this Contract. Any third party representatives designated by COUNTY pursuant to the preceding sentence shall be approved in advance by CONTRACTOR, such approval not to be unreasonably withheld or delayed. All such material, including, but not limited to, all financial records, timecards and other employment records, and proprietary data and information, shall be kept and maintained by CONTRACTOR and shall be made available to COUNTY during the term of this Contract and for a period of five (5) years thereafter unless COUNTY'S written permission is given to dispose of any such material prior to such time. All such material shall be made available by CONTRACTOR at a location in Los Angeles County.

- 48.1 In the event that an audit of CONTRACTOR is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by CONTRACTOR or otherwise, then CONTRACTOR shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of CONTRACTOR'S receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. COUNTY shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 48.2 Failure on the part of CONTRACTOR to comply with any of the provisions of this Paragraph 48.0 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- 48.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of COUNTY may conduct an audit of CONTRACTOR regarding the work performed under this Contract, and if such audit finds that COUNTY'S dollar liability for any such work is less than payments made by COUNTY to CONTRACTOR, then the difference shall be either: a) repaid by CONTRACTOR to COUNTY by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to CONTRACTOR from COUNTY, whether under this Contract or otherwise. If such audit finds that COUNTY'S dollar liability for such work is more than the payments made by COUNTY to CONTRACTOR, then the difference shall be paid to CONTRACTOR by COUNTY by cash payment, provided that in no event shall COUNTY'S maximum obligation for this Contract exceed the funds appropriated by COUNTY for the purpose of this Contract.

**49.0 CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996**

In respect of this Section 49.0, COUNTY contracts on behalf of those certain group health plans sponsored by COUNTY in connection with the flexible benefit plans (including healthcare flexible spending accounts) set forth in Chapters 5.27, 5.28, 5.30, 5.33, 5.35 and 5.37 of the County Code, that are described in County's various enrollment materials, insurance contracts, HMO agreements, administrative contracts or other written documents, as in effect from time to time and for which CONTRACTOR (also Business Associate) has agreed to provide services under the Administrative Services of Cafeteria and Non-Cafeteria Benefit Plans Contract (each a "Plan" and collectively, the "Plans"). The Plans are "Group Health Plans" as defined by the Standards for Privacy of Individually Identifiable Health Information (45 CFR parts 160 and 164, subparts A and E) (the "Privacy Rule") promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA").

Under the Contract, the Business Associate performs or assists in performing a function or activity on behalf of the Plans and COUNTY that involves the use and/or disclosure of Protected Health Information (as defined in the Privacy Rule).

The parties desire to include certain requirements regarding the use and/or disclosure of Protected Health Information as required by HIPAA and the Privacy Rule. The parties further desire to include certain requirements regarding the transmission of electronic data to be conducted by the Business Associate, if so required, in specified standardized formats as described in 45 C.F.R. Parts 160 and 162 (the "Electronic Transactions Rule").

The parties hereto agree as follows:

49.1 Terms Used. Capitalized terms used, but not otherwise defined, in this Section 49.0, shall have the same meaning as those terms in the Privacy Rule.

49.1.1 Relationship of Parties. The parties acknowledge that, as defined in the Privacy Rule: (a) the Plans are Covered Entities; (b) the Business Associate is a Business Associate of the Plans; and (c) COUNTY is the plan sponsor (as defined in § 3(16)(b) of the Employee Retirement Income Security Act of 1974, 29 USC § 1001 *et seq.*, as amended ("ERISA")) of the Plans, is not a Covered Entity in its capacity as a plan sponsor, and acts in the capacity of a plan sponsor as defined in the Privacy Rule. To the extent the Plans are required to take any action, or the Business Associate is required to communicate with the Plans, such action shall be taken by, and communication made to, COUNTY. Any such communication by the Business Associate to COUNTY shall be to the individuals identified by COUNTY pursuant to Section 49.3.4 of this Contract.

49.1.2 Permitted Uses and Disclosures of Protected Health Information. Except as otherwise limited in the Contract, the Business Associate may use and/or disclose Protected Health Information to perform the functions, activities, or services for or on behalf of the Plans as specified in the Contract, provided that such use and/or disclosure would not violate the Privacy Rule if done by the Plans. All other uses not authorized by the Contract are prohibited. In addition, and except as otherwise limited in the Contract the Business Associate may:

49.1.2.1 Use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate;

49.1.2.2 Disclose Protected Health Information for the proper management and administration of the Business Associate, provided that the disclosures are Required by Law, or, in accordance with Section 49.2.6 of this Contract, and the Business Associate obtains reasonable assurances from the person to whom Protected Health Information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of Protected Health Information has been breached; and

49.1.2.3 Use Protected Health Information to provide Data Aggregation services to the Plans as permitted by 42 CFR § 164.504(e)(2)(i)(B), relating to the health care operations of the Plans.

49.2 Responsibilities of Business Associate with Respect to Protected Health Information.

With regard to the use and/or disclosure of Protected Health Information, the Business Associate hereby agrees to do the following:

49.2.1 to only request, use, and disclose the minimum amount of Protected Health Information necessary to accomplish the purposes of the request, use or disclosure;

49.2.2 to not use and/or disclose Protected Health Information other than as permitted or required by the Contract or as Required By Law;

49.2.3 to use appropriate safeguards to prevent the use and/or disclosure of Protected Health Information other than as provided for by the Contract, including adopting policies and procedures to safeguard Protected Health Information, providing training with respect to such policies and procedures, and implementing appropriate technical safeguards to protect Protected Health Information;

49.2.4 to mitigate, to the extent practicable, any harmful effect that is known to the Business Associate of a use or disclosure of Protected Health Information by the Business Associate in violation of the requirements of this Contract;

49.2.5 to notify a Plan in writing immediately of any use and/or disclosure of Protected Health Information that is not provided for by the Contract of which it becomes aware, but in no event later than five

business days of first learning of any such use or disclosure. All reports should be made to the Chief Information Privacy Officer at:

Chief Information Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple St., Suite 493  
Los Angeles, CA 90012  
(213) 974-2164  
[cipo@cio.co.la.ca.us](mailto:cipo@cio.co.la.ca.us)

- 49.2.6 to ensure that all agents, including subcontractors, to whom it provides Protected Health Information received from, or created or received by, the Business Associate on behalf of a Plan agree in writing to the same restrictions and conditions on the use and/or disclosure of Protected Health Information that apply to the Business Associate pursuant to the Contract; provided, however, the Business Associate shall not assign any of its rights and obligations under the Contract without the prior written consent of a Plan and the Business Associate shall provide the relevant Plan for its approval a copy of any agreement with any agent or subcontractor to whom the Business Associate intends to provide Protected Health Information received from, or created or received on behalf of that Plan;
- 49.2.7 to provide access, at the request of a Plan, within 10 days of such request, to Protected Health Information, to the Plan or, as directed by the Plan, to an Individual in order to meet the requirements under 45 CFR § 164.524; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual for Protected Health Information, the Business Associate shall notify the Plan in writing promptly of such Individual's request, no later than five business days of receiving such request. The Business Associate shall not give any Individual access to Protected Health Information unless such access is approved by the relevant Plan;
- 49.2.8 to make any amendment(s) to Protected Health Information that the Plan directs or agrees to pursuant to 45 CFR § 164.526 at the request of the Plan or an Individual, within 10 days of such request; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual requesting an amendment of Protected Health Information, the Business Associate shall notify the relevant Plan in writing promptly of such Individual's request no later than five business days of receiving such request. The Business Associate shall not amend any Protected Health Information at the request of an Individual unless directed by the

relevant Plan and the Plan shall have full discretion to determine whether the requested amendment shall occur;

49.2.9 to make internal practices, books, and records relating to the use and/or disclosure of Protected Health Information received from, or created or received by the Business Associate on behalf of, a Plan available to the Plan, or at the request of the relevant Plan, to the Secretary of the Department of Health and Human Services or his/her designee (the "Secretary"), in a time and manner designated by the Plan or the Secretary, for purposes of determining the Plan's and/or Business Associate's compliance with the Privacy Rule and this Contract;

49.2.10 to document such disclosures of Protected Health Information and information related to such disclosures as would be required for a Plan to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528;

49.2.11 to provide to the relevant Plan, within ten (10) business days in the format specified by the Plan, information collected in accordance with Section 49.2.10 of this Contract, to permit the Plan to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528; provided, however, if the Business Associate receives, directly or indirectly, a request from an Individual for an accounting of disclosures of Protected Health Information, the Business Associate shall notify the Plan in writing promptly of such Individual's request no later than five business days of receiving such request. The Business Associate shall not provide such an accounting at the request of an Individual unless directed by the relevant Plan and the Plan shall have full discretion to determine whether the requested amendment shall occur.

49.2.12 to transmit, on behalf of the Plan, data for transactions that are required to be conducted in standardized format in accordance with the Electronic Transaction Rule and insure that any of its subcontractors to whom it delegates any of its duties in accordance with this Contract agrees to comply with the Electronic Transaction Rule for all transactions that are required to be in standardized format.

49.3 Responsibilities of the Plans with Respect to Protected Health Information. If deemed applicable by the Plans, the Plans shall:

49.3.1 provide the Business Associate with relevant information related to the notice of privacy practices;

49.3.2 provide the Business Associate with any changes in, or revocation of, permission by an Individual to the use and/or disclosure of Protected Health Information, if such changes affect the Business Associate's permitted or required uses and/or disclosures;

49.3.3 notify the Business Associate of any restriction to the use and/or disclosure of Protected Health Information that the relevant Plan has agreed to in accordance with 45 CFR § 164.522; and

49.3.4 provide the Business Associate with a list of individuals authorized to receive communications pursuant to this Contract and authorized to approve matters described in Sections 49.2.6, 49.2.7, 49.2.8 and 49.2.11.

49.4 Term and Termination.

49.4.1 Term: The Term of this Paragraph 49.0 shall be effective as of the Effective Date, except that provisions regarding the Privacy Rule shall not be effective with regard to any healthcare flexible spending account until April 14, 2004, and shall automatically terminate upon the termination of the Contract, subject to the survival provisions set forth in Paragraph 49.7.2.

49.4.2 Termination for Cause. In the event of the Business Associate's material breach of the terms of this Paragraph 49.0, the Plans or COUNTY may either (i) immediately terminate the Contract by providing written notice of termination to the Business Associate, or (ii) terminate the Contract 10 days after receipt by the Business Associate of written notice of such breach from the Plans or COUNTY, provided such breach continues for the 10 day period. The Plans or COUNTY shall state in its notice to the Business Associate whether it is electing to immediately terminate the Contract or provide the Business Associate with a ten (10) day opportunity to cure the breach.

49.5 Effect of Termination.

49.5.1 Except as provided in paragraph 49.5.2, upon termination of the Contract or this Paragraph 49.0, for any reason, the Business Associate shall return or destroy all Protected Health Information received from the Plans, or created or received by the Business Associate on behalf of the Plans. This Section shall apply to Protected Health Information that is in the possession of

subcontractors or agents of the Business Associate. The Business Associate shall retain no copies of the Protected Health Information.

49.5.2 In the event (i) the terms of the Contract require the Business Associate to maintain records (including Protected Health Information) for a specified period of time, or (ii) the Business Associate determines that returning or destroying the Protected Health Information is impermissible or infeasible, the Business Associate shall provide in writing to the Plans notification of the terms of the Contract or the conditions that make return or destruction impermissible or infeasible. Upon mutual written agreement of the Parties that return or destruction of Protected Health Information conflicts with the terms of the Contract, or is otherwise infeasible, the Business Associate shall extend the protections of this Contract to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes required by this Contract or that make the return or destruction infeasible, for so long as the Business Associate maintains such Protected Health Information.

49.6 Hold Harmless. The Business Associate agrees to indemnify, defend, and hold the Plans and COUNTY and its directors, officers, agents and employees harmless, pursuant to the procedures set forth in Section 27.2, against any and all loss, liability, damages, penalties and expenses, including attorneys' fees, and costs resulting from or arising out of claims, lawsuits, demands, settlements or judgments brought or suffered from as a result of the Business Associate's breach of this Paragraph 49.0.

49.7 Miscellaneous.

49.7.1 Amendment. The Parties agree to take such action as is necessary to amend this Contract from time to time as is necessary for the Plans to comply with the requirements of the Privacy Rule and HIPAA.

49.7.2 Survival. The respective rights and obligations of the parties under Paragraphs 49.5, 49.6, and 49.7 shall survive the termination of this Contract and this Paragraph 49.0.

49.7.3 Interpretation. Any ambiguity in this Contract shall be resolved in favor of a meaning that permits the Plans to comply with the Privacy Rule and the Electronic Transactions Rule. Except for the provisions of Paragraph 49.4.2, in the event of conflict between the terms in this Paragraph 49.0 and other terms of this Contract, the terms of this Paragraph 49.0 shall control.

49.7.4 No Third Party Beneficiary. Nothing in this Paragraph 49.0 is intended, nor shall be deemed, to confer any benefits on any third party.

49.7.5 Application of State Law. Except as preempted by federal law, this Paragraph 49.0 shall be administered, construed and enforced according to the laws of the State of California and in courts situated in that State

**50.0 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

CONTRACTOR shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit G of this Contract and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**51.0 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW**

CONTRACTOR acknowledges that the COUNTY places a high priority on the implementation of the Safely Surrendered Baby Law. CONTRACTOR understands that it is the COUNTY'S policy to encourage all County Contractors to voluntarily post the COUNTY'S "Safely Surrendered Baby Law" poster in a prominent position at the CONTRACTOR'S place of business. CONTRACTOR will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The COUNTY'S Department of Children and Family Services will supply the CONTRACTOR with the poster to be used.

**52.0 VALIDITY**

The invalidity in whole or in part of any provision of this Contract shall not void or affect the validity of any other provision.

**53.0 RECYCLED PAPER**

Consistent with the Board of Supervisor's policy to reduce the amount of solid waste deposited at COUNTY landfills, CONTRACTOR agrees to use recycled-content paper to the maximum extent possible on the project.

**54.0 AUTHORIZATION WARRANTY**

CONTRACTOR represents and warrants that the person executing this Contract for CONTRACTOR is an authorized agent who has actual authority to bind CONTRACTOR to each and every term, condition, and obligation of this Contract and that all requirements of CONTRACTOR have been fulfilled to provide such actual authority.

**55.0 COST OF LIVING ADJUSTMENTS**

The fully burdened hourly rate for services provided by CONTRACTOR's personnel hereunder is set forth in Exhibit B (Fee Schedule). If Cost of Living Adjustments (hereinafter "COLA") are requested and provided in respect of such hourly rate, COUNTY shall limit COLAs to the lesser of: (i) the average salary increase or decrease granted to COUNTY employees, or (ii) the increase or decrease from the previous fiscal year's U.S. Department of Labor Bureau of Labor Statistics' Urban Consumer Price Index (CPI) for Los Angeles-Riverside-Orange COUNTY, California. If the COLA is based on the CPI, the adjustment shall be based on the change in the CPI from the Effective Date to the time at which the COLA is to be made. In the event fiscal circumstances ultimately prevent COUNTY'S Board of Supervisors from approving any increase in employee salaries for a fiscal year, CONTRACTOR will not receive a COLA for the Agreement period which coincides with that fiscal year.

**56.0 WAIVER**

No waiver by either party of any breach of any provision of the Agreement shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of the Agreement shall not be construed as a waiver thereof.

**57.0 ARM'S LENGTH NEGOTIATIONS**

This Agreement is the product of COUNTY'S competitive procurement and an arm's length negotiation between CONTRACTOR and COUNTY. Each party has had at all times the opportunity to receive advice from independent counsel of its own choosing. This Agreement is to be interpreted fairly as between the parties, and not strictly construed as against either party as drafter or creator.

**58.0 SYSTEM USE**

Following installation by CONTRACTOR and prior to final acceptance by COUNTY, COUNTY shall have the right, subject to the terms and conditions of the Contract to use, in a production use mode, any completed portion of CONTRACTOR'S system and services provided hereunder, without any

additional cost to COUNTY where COUNTY determines that it is necessary for COUNTY operations.

**59.0 REMEDIES NOT EXCLUSIVE**

Unless expressly stated to the contrary, the rights and remedies of either party set forth in the Contract are not exclusive of any other rights and remedies available at law or in equity, or under the Contract.

**60.0 DISPUTE RESOLUTION PROCEDURE**

CONTRACTOR and COUNTY agree to act promptly and diligently to mutually resolve any disputes which may arise with respect to this Contract. All such disputes shall be subject to the provisions of this Section 60.

CONTRACTOR and COUNTY agree that, the existence and details of a dispute notwithstanding, both parties shall continue without delay their performance hereunder, except for any performance which COUNTY, in its sole and absolute discretion, determines should be delayed as a result of such dispute. COUNTY shall continue to pay sums not in dispute, during any such period of continued performance.

If CONTRACTOR fails to continue without delay its performance hereunder which COUNTY, in its sole discretion, determines should not be delayed as a result of such dispute, then any additional costs which may be incurred by CONTRACTOR or COUNTY as a result of CONTRACTOR'S failure to continue to so perform shall be borne by CONTRACTOR, and CONTRACTOR shall make no claim whatsoever against COUNTY for such costs. CONTRACTOR shall promptly reimburse COUNTY for such COUNTY costs, as determined by COUNTY, or COUNTY may deduct all such additional costs from any amounts due to CONTRACTOR from COUNTY, whether under this Contract or otherwise.

In the event of any dispute between the parties with respect to this Contract, CONTRACTOR and COUNTY shall submit the matter to their respective Project Managers for the purpose of endeavoring to resolve such dispute. In the event that the Project Managers are unable to resolve the dispute within a reasonable time not to exceed five (5) days from the date of submission of the dispute to them, then the matter shall be immediately submitted to CONTRACTOR'S Contract Manager and COUNTY'S DOP for further consideration and discussion to attempt to resolve the dispute. If the CONTRACTOR'S Contract Manager and COUNTY'S DOP cannot resolve the dispute, or either one of them determines that they are not making reasonable progress toward resolution of the dispute within five (5) business days after the dispute is first submitted to them, then the issue shall proceed to judicial, contractual, and/or equitable remedies.

The dispute resolution process provided in this Section is a prerequisite to the exercise of any judicial remedies available to the parties, except in cases where a party is seeking injunctive or other equitable relief.

Notwithstanding any other provision of this Contract, COUNTY'S right to terminate this Agreement pursuant to Section 34.0 (Termination for Insolvency), Section 36.0 (Termination for Improper Consideration), Section 35.0 (Termination for Convenience), or any other termination provision hereunder other than Section 33.0 (Termination for Default) shall not be subject to this Dispute Resolution Procedure. The preceding sentence is intended only as a clarification of COUNTY'S rights, and shall not be deemed to impair any claims that CONTRACTOR may have against COUNTY or CONTRACTOR'S rights to assert such claims after any such termination or such injunctive relief has been obtained.

#### **61.0 SURVIVAL**

The following Sections of the Contract survive its expiration or termination for any reason whatsoever:

- 6.4 Confidentiality
- 7.4 Completion of Contract
- 8.0 Contract Sum
- 10.0 Gratuitous Work
- 11.0 Assignment and Delegation
- 13.0 Compliance with Applicable Law
- 14.0 Compliance with Civil Rights Laws
- 15.0 Conflict of Interest
- 18.0 Contractor Responsibility and Debarment
- 22.0 Employment Eligibility Verification
- 23.0 Fair Labor Standards
- 24.0 Governing Law, Jurisdiction, and Venue
- 25.0 Reports and Records
- 26.0 Independent Contractor Status
- 27.2 Indemnification
- 27.3 Limitation of Liability
- 28.0 General Insurance Requirements
- 29.0 Insurance Coverage Requirements
- 31.0 Non Exclusivity
- 33.0 Termination for Default
- 35.0 Termination for Convenience
- 43.0 Notices
- 44.0 License, Ownership of Materials, Software and Copyright
- 45.0 Patent, Copyright & Trade Secret Indemnification
- 47.0 Notice of Delays
- 48.0 Record Retention and Inspection/Audit Settlement

- 49.0 Contractor's Obligation as a Business Associate Under the Health Insurance Portability and Accountability Act of 1996
- 52.0 Validity
- 56.0 Waiver
- 57.0 Arm's Length Negotiations
- 59.0 Remedies Not Exclusive
- 61.0 Survival

***End of Terms and Conditions***  
***Signature Page to Follow***

ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA BENEFIT PLANS CONTRACT

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Contract to be subscribed by its Chair and the seal of said Board to be hereto affixed and attested by the Executive Officer-Clerk, and CONTRACTOR has caused this Contract to be subscribed on its behalf by its duly authorized officer.

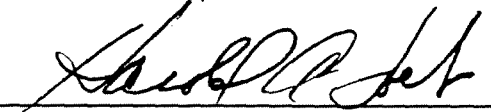
COUNTY OF LOS ANGELES

MELLON FINANCIAL CORPORATION  
A Pennsylvania Corporation

By \_\_\_\_\_  
Chair, Board of Supervisors

  
Christopher A. Stevenson  
Executive Director Client Development

BUCK CONSULTANTS, INC.  
A Delaware Corporation

  
Harold A. Loeb  
Principal

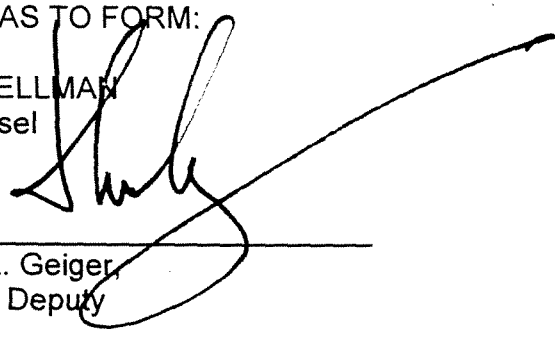
ATTEST:

VIOLET VARONA-LUKENS  
Executive Officer-Clerk  
Of the Board of Supervisors

By \_\_\_\_\_

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By   
John L. Geiger,  
Senior Deputy

# **EXHIBIT A**

## **STATEMENT OF WORK**

## STATEMENT OF WORK

### 1.0 SCOPE OF WORK

The scope of work encompasses third-party administration of the County of Los Angeles flexible benefit programs governed under IRS Section 125 Cafeteria Plans. Of primary interest is a comprehensive transition plan and administration of the following service areas:

- 1.1 Transition plan: Assumption of services from current third party administrator (TPA) and responsibilities upon termination of services
- 1.2 Data base maintenance for represented and non-represented employees and their dependents in the County's four cafeteria benefit plans and two subsidized plans
- 1.3 IVR enrollment system including service for hearing impaired
- 1.4 WEB enabled enrollment system
- 1.5 Employee benefits eligibility processing
- 1.6 Employee benefits enrollment for new hires, newly eligible and full-time temporary or part-time employees
- 1.7 Annual enrollment processing via IVR
- 1.8 Annual enrollment processing via WEB-based/Internet (by October 1, 2004)
- 1.9 Flexible Spending Account administration
- 1.10 Medical Coverage Protection
- 1.11 Employee Direct Billing program
- 1.12 COBRA – Initiation/Notification
- 1.13 HIPAA – Certification
- 1.14 Reports & Notifications

The CONTRACTOR will be required to integrate the above service areas with the County's Auditor-Controller, Treasurer-Tax Collector, Unions and insurance carriers/vendors using batch interface and File Transfer Protocol (FTP), develop

work plans and schedules for meeting the various timeframes involved and administer the day-to-day operation of the County's flexible benefit programs. Service integration with the County unions involves receiving data from the one-on-one enrollment vendors. It is anticipated that the required services will be performed by one entity and that the following business and processing requirements are performed for all service areas.

## **2.0 BUSINESS REQUIREMENTS**

### **2.1 Transition Plan - Assumption of Services from Current TPA**

- 2.1.1 Provide transitional services prior to the system go live date. The CONTRACTOR shall not receive any fees under this contract until after the County has received the certificate described in Section 2.1.4 of this exhibit or the implementation date, whichever is later.
- 2.1.2 Provide written transitional status reports to the DHR Plan Administrator at intervals not to exceed once a week, until transition period is complete.
- 2.1.3 The CONTRACTOR shall accomplish the following tasks during the transitional period:
  - 2.1.3.1 Prepare a timeline detailing all steps necessary to transition all employee records to database. Include tasks, responsibilities, and interdependencies such as conversions of current elections history;
  - 2.1.3.2 Establish contact with all appropriate entities: County, current County TPA, Unions, and insurance carrier staff involved with transmittal of interface data;
  - 2.1.3.3 Take receipt of current TPA's participant files and records;
  - 2.1.3.4 Build participant database;
  - 2.1.3.5 Satisfactorily test and demonstrate required online inquiry and report generation capabilities utilizing initial participant database;
  - 2.1.3.6 Provide a transition schedule for CONTRACTOR to satisfactorily test and demonstrate required system capabilities for all processes and procedures described herein, to ensure CONTRACTOR'S system can accept

any input and output in order to meet all service requirements; and

- 2.1.3.7 Satisfactorily test and demonstrate a disaster recovery plan that was successful under a full load stress test. Describe the disaster recovery procedures and the length of time the recovery will require.
- 2.1.4 Provide the County with written certification indicating that CONTRACTOR is able to assume all responsibilities contained in the contract.
- 2.1.5 Validate flexible spending account participant balances to current TPA's balances as of close of business December 31, 2003.

## **2.2 Transition Plan – Responsibilities Upon Termination**

Upon expiration or termination of the contract or in the event that the County elects not to renew the contract at the end of its term, or otherwise terminates the contract for default, convenience or insolvency, the CONTRACTOR shall fully cooperate with the County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

- 2.2.1 For two (2) months prior to the expiration or nonrenewal of the Contract in the ordinary course of business; (b) for two months following the effective date of termination of the Contract upon COUNTY'S termination pursuant to Section 33 (Termination for Default); and (c) for two months following the effective date of notice of termination by COUNTY for any reason other than a termination pursuant to Section 33, the CONTRACTOR shall provide to the County, and to any other entity designated by the County, an orientation to ensure a smooth transition to a New Third Party Administrator (New TPA). The CONTRACTOR shall make provisions for inspection and observation of work procedures during the transition period. In addition, the CONTRACTOR shall explain and return to the County, the Materials described in Section 7.4 of the Contract.
- 2.2.2 Data requirements of the County to affect this transition/conversion to a New TPA include, but are not limited to the following:
  - 2.2.2.1 File descriptions and narratives for all input and output files as will be mutually agreed to between the CONTRACTOR and the County will be made available. The CONTRACTOR agrees to provide all information that resides in the CONTRACTOR'S computer files

relating to County participant record, including individual participant record history that the County requires for the transition and for the permanent records of the County.

- 2.2.2.2 Sub-contracted procedures or third-party agreements shall be fully documented by the CONTRACTOR, and all files and source documents shall also be made available.

## **2.3 Database Maintenance**

- 2.3.1 Provide real time online access seven (7) days per week to current employee and historical database(s) with data capture and reporting capabilities, for DHR approved users, between the hours of 5:00 a.m. to 12:00 midnight Pacific Standard Time.

- 2.3.2 Scheduled database maintenance must be performed during hours of 12:00 midnight to 5:00 a.m. unless pre-approved by DHR.

- 2.3.3 Provide real time online update and daily batch update capability to ensure access to current data maintained by the CONTRACTOR.

- 2.3.4 Employee record(s) must be able to contain expanded information relating to, but not limited to:

- A. Employee name
- B. Employee number
- C. Social Security number
- D. Address
- E. Telephone
- F. Gender
- G. Birth date
- H. Marital status
- I. Benefit eligibility
- J. Key dates
- K. Department
- L. Item number
- M. Item number sub
- N. Salary
- O. Payroll location
- P. Work location
- Q. Bargaining unit
- R. New hire, newly eligible, and annual election history for benefits such as:

- 1) Medical coverage
- 2) Dental coverage

- 3) Life insurance
- 4) Accidental Death and Dismemberment
- 5) Short Term Disability
- 6) Long Term Disability
- 7) Medical Protection Coverage
- 8) Survivor Insurance Benefit
- 9) Annual elective leave
- 10) Tobacco user fee (Administration Fee)
- 11) Health Care Spending Account
- 12) Dependent Care Spending Account
- 13) Dependent(s) and domestic partner coverage

2.3.5 System must have ability to interface with internal and external organizations and systems through paper batch, tape, diskette, and FTP data transmission as determined by organization.

Organizations include:

- A. Auditor-Controller (A/C)
- B. Chief Administrative Office (CAO)
- C. Treasurer and Tax Collector (TTC)
- D. Department of Human Resources (DHR)
- E. Multiple medical, dental and life insurance plan carriers
- F. Multiple Union benefit plan administrators
- G. Workers compensation TPA
- H. Union sponsored one-on-one enrollment vendors

Systems include:

- A. A/C Payroll
- B. A/C Personnel
- C. Workers Compensation

## **2.4 Interactive Voice Response (IVR) System**

The County's IVR uses touch-tone telephone input and interacts with a database to acquire information from or enter data into the employee database. This system will require design effort for both the hardware and software interface with computing systems and for the scripting of the menus presented to the callers in order to provide and obtain caller specific information.

Initial design must consider the application, staffing available, expected call volumes, potential for growth and user acceptance. The IVR telephone enrollment is used by all employees to record and process annual benefit enrollment election input as well as ongoing benefit enrollment election input for non-represented new hire/newly eligible employees eligible for cafeteria benefit plans, and represented and non-

represented employees eligible for subsidized medical plans. The IVR design requirements include, but are not limited to:

- 2.4.1 Accessibility 365 days a year between the hours of 5:00 a.m. and midnight;
- 2.4.2 Ability to interact with database(s) to obtain and enter data;
- 2.4.3 Ability to provide employees with specific election options;
- 2.4.4 Specific script development for all benefit options available through the County's four (4) cafeteria plans and two (2) non-cafeteria medical plan only enrollments;
- 2.4.5 Daily updating of the online database with employee benefit election information;
- 2.4.6 Follow up correspondence as specified in the employee benefit enrollment process detailed in Section 2.7.1.4, of this Exhibit A.;
- 2.4.7 Capability to provide pre-determined daily, weekly, or as needed, activity reports to DHR and other DHR-approved agencies; and
- 2.4.8 The system will also comply with and support all pertinent aspects of the Americans with Disabilities Act including un-manned automated capabilities for content, LAN or internet, or interactive applications. For example, TTY compatibility must allow a TTY user to access information via TTY device, without ever needing staff intervention or relay service.

## **2.5 WEB Enabled Enrollment System**

The WEB enabled enrollment system must allow employees the option of selecting their benefit elections through a secured internet environment. The input must interact with the database and provide real time edit, validation, notification, and confirmation information to the enrollee. The system will require design effort for the creation of the menus and screens presented to enrollers in order to provide and obtain specific information. Initial design must consider the application, staffing available, expected call volumes, potential for growth and user acceptance. The WEB enabled enrollment will be available to all employees to record and process annual benefit enrollment election input, as well as ongoing benefit enrollment election input, for non-represented new hire/newly eligible employees and represented and non-represented employees eligible for subsidized medical plans. The WEB design requirements include, but are not limited to:

- 2.5.1 Ability to interact with database(s) to obtain and enter data;
- 2.5.2 Ability to provide employees with specific election options;
- 2.5.3 Specific screen development for all benefit options available through the County's four (4) cafeteria plans and two (2) subsidized plans;
- 2.5.4 Real time updating of the online database with employee benefit election information.
- 2.5.5 Follow up correspondence as specified in the employee benefit enrollment process detailed in Section 2.7.1.4, of this Exhibit A; and
- 2.5.6 Capability to provide pre-determined daily, weekly, or as needed, activity reports to DHR and other DHR-approved agencies.

## **2.6 Employee Benefits Eligibility**

The County currently offers four (4) cafeteria plans and two (2) subsidized "medical only" benefit plans. The CONTRACTOR'S system must also have the capacity and capability to establish additional cafeteria and subsidized benefit plans based on future requirements. Eligibility processing will include, but not be limited to, the following:

### **2.6.1. Processing the following benefit eligibility events:**

- 2.6.1.1 New Hires, re-hires, and re-employments;
- 2.6.1.2 Terminating/retiring employees;
- 2.6.1.3 Participants transferring eligibility from one plan to another;
- 2.6.1.4 Initial establishment and maintenance of participant information;
- 2.6.1.5 Activation and termination of coverage for participants, spouses, dependents, domestic partners and any other persons deemed eligible or ineligible;
- 2.6.1.6 Activation and termination of coverage for survivors (former dependents of participants that are not allowed to continue their benefit coverage); and

- 2.6.1.7 Initiation of COBRA notification and billing when an individual's coverage is terminated due to a COBRA qualifying life event change.
- 2.6.2 Maintaining multiple eligibility dates for different benefit options based on differing rules.
- 2.6.3 Employee notification of benefit plan eligibility.
- 2.6.4 Notification to DHR when employees' eligibility is beginning or changing.
- 2.6.5 Determine employee benefit plan eligibility as well as individual benefit eligibility based on criteria such as:
  - A. Bargaining union
  - B. Employment status
  - C. Job classification
  - D. Effective date
  - E. Date of hire
  - F. Age
  - G. LTD status
- 2.6.6 Prevent employees from being enrolled in a plan for which they are not eligible. Allow override capability for rare exception processing authorized by DHR.
- 2.6.7 Notify employees when additional documentation is required and provide forms as necessary. Notify DHR when additional documentation is not provided as required.

## **2.7 Employee Benefits Enrollment**

New hire and newly eligible employee data will be transmitted to the CONTRACTOR by the County Auditor-Controller on a weekly basis. The CONTRACTOR must create/update the employee record(s) on the database and initiate the enrollment process, within 24 hours of receipt, by segregating and processing the information into three (3) categories as outlined in 2.7.1, 2.7.2 and 2.7.3. The process for recertifying part-time employee enrollment eligibility is explained in 2.7.4.

### **2.7.1 New Hires/Newly Eligible Employees – Non-represented**

- 2.7.1.1 Within 24 hours of receipt, creates a personalized election form for each employee and mails enrollment package to address on file.

- 2.7.1.2 Provides toll-free IVR benefit election capability to employees and updates employee database records based on employee action.
- 2.7.1.3 Provides web based benefit election capability to employees and updates employee database records based on employee action.
- 2.7.1.4 Generates and distributes follow-up correspondence to employees confirming and verifying certain employee elections which include, but are not limited to:
  - A. Dependent status and required certification
  - B. Waiver of medical and dental information
  - C. Domestic partner registration
  - D. Survivor Income Benefit dependent information
  - E. Waiver of pensionability certification
- 2.7.1.5 Updates employee database record based on final employee input.
- 2.7.1.6 Generates and mails correspondence reflecting final confirmation of employee benefit selections and costs.
- 2.7.1.7 Creates appropriate transactions and submits to County's payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.
- 2.7.2 New Hires/Newly Eligible Employees – Employees represented by S.E.I.U. Local 660 and eligible for Options cafeteria benefits or represented by the Coalition of County Unions and eligible for Choices cafeteria benefits.
  - 2.7.2.1 Provides a listing of employees, with pertinent information, to the Local 660 contracted Options one-on-one enrollment vendor or the Coalition of County Unions contracted Choices one-on-one enrollment vendor.
  - 2.7.2.2 Processes monthly employee benefit selection file from Union-sponsored (Options and Choices) one-on-one enrollment vendors.
  - 2.7.2.3 Updates employee database records based on input file pending participant certification documents for dependents, such as marriage and birth certificates.

- 2.7.2.4 Generates and mails follow-up correspondence to employees confirming and verifying employee elections including, but not limited to: dependent status and required certification; waiver of medical and dental information; and domestic partner registration.
  - 2.7.2.5 Updates employee database records based on final employee input.
  - 2.7.2.6 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
  - 2.7.2.7 Creates appropriate transactions and submits to County's payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.
- 2.7.3 Newly Eligible Full-Time Temporary or Part-Time Employees
- 2.7.3.1 Creates a personalized medical only election form and mails enrollment package to address on file for each employee.
  - 2.7.3.2 Provides toll-free IVR election capability to employees.
  - 2.7.3.3 Provides web base election capability to employees.
  - 2.7.3.4 Updates employee database record based on employee action pending receipt of additional required participant information.
  - 2.7.3.5 Generates and mails follow-up correspondence to employee's confirming and verifying employee elections, dependent status and required certification.
  - 2.7.3.6 Updates employee database record based on final employee input.
  - 2.7.3.7 Generates and mails correspondence reflecting final confirmation of employee benefit selections.
  - 2.7.3.8 Creates appropriate transactions and submits to Auditor-Controller and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.

#### 2.7.4 Continued or Canceled Enrollments for Part-Time Employees

- 2.7.4.1 Updates employee database record annually based on the Auditor-Controller's report of eligibility for the new fiscal year.
- 2.7.4.2 Generates and mails correspondence to employees confirming continued enrollments or cancellation of benefits for the new fiscal year.
- 2.7.4.3 Creates appropriate transactions and submits to the Auditor-Controller and the insurance carriers to cancel benefit selections for the month beginning in the new fiscal year.

### 2.8 **Annual Enrollment**

The Annual benefits enrollment process usually extends from October 1<sup>st</sup> through October 31<sup>st</sup> and includes all eligible employees. CONTRACTOR must, however, have the capability to adjust enrollment periods and perform multiple enrollment processes.

2.8.1 The CONTRACTOR initializes the Annual Enrollment files and records based on the FTP payroll file received from the Auditor-Controller annually on, or about, September 15.

#### 2.8.2 All Eligible Full-Time Permanent Employees

- 2.8.2.1 Within three (3) days of receipt of the Auditor-Controller file, the CONTRACTOR creates a personalized election form for each employee, separated in pre-determined groups, and delivers forms to County's communications consultant.
- 2.8.2.2 Provides toll-free IVR election capability to employees.
- 2.8.2.3 Provides web based election capability to employees.
- 2.8.2.4 Updates employee database record based on employee action pending additional participant information requirements.
- 2.8.2.5 Within 2 working days of the employee's confirmed election, generates and mails follow-up correspondence to employees confirming and verifying certain employee elections. These notifications contain a code which is stored in a document tracking system to aid DHR in

responding to employee inquiries. Notification correspondence includes, but is not limited to:

- A. Spending Account Plan information booklet
- B. Medical and Dental Waiver Certification form
- C. Dependent Enrollment and Coverage Information form
- D. Confirmation of benefit selection statement
- E. Declaration, Change, or Termination of Domestic Partnership Certification form
- F. Incomplete Dependent or Waiver Certification
- G. SIB eligibility certification

2.8.2.6 Updates employee database record based on final employee input.

2.8.2.7 Generates and mails correspondence reflecting final confirmation of employee benefit selections.

2.8.2.8 Creates appropriate transactions and submits to County's payroll system to activate benefit selections in accordance with established monthly input schedule.

2.8.3 Eligible Full-Time Temporary and Part-Time Employees

2.8.3.1 Creates a personalized medical only election form and mails enrollment package to address on file for each employee.

2.8.3.2 Provides toll-free IVR election capability to employees.

2.8.3.3 Provides web base election capability to employees.

2.8.3.4 Updates employee database record and completes employee enrollment process based on employee action.

2.8.3.5 Generates and mails correspondence reflecting final confirmation of employee benefit selections.

2.8.3.6 Creates appropriate transactions and submits to Auditor-Controller to activate benefit selections in accordance with established monthly input schedule.

## **2.9 Life Event Changes**

Employees, insurance carriers, County approved agencies and DHR, send benefits and/or dependent status changes, domestic partner enrollments, changes or termination forms, demographic data changes and other miscellaneous change information to the CONTRACTOR. CONTRACTOR processing of changes include, but are not limited to:

- 2.9.1 Key and verify change requests received by the 20<sup>th</sup> of the month and update onto the system by the end of the month.
- 2.9.2 Report to DHR, or mail follow-up correspondence to employees of incomplete or non-qualifying requests for change.
- 2.9.3 Generate and mail correspondence confirming employee benefit changes and costs.
- 2.9.4 Creates appropriate transactions and submits to County payroll system and the insurance carriers to activate benefit selections and enrollments in accordance with established monthly input schedule.

## **2.10 Flexible Spending Accounts Program Administration**

The CONTRACTOR provides ongoing administration of two (2) IRS Section 125 flexible spending accounts - Health Care and Dependent Care. Each account requires the maintenance and processing of 18 month's of claim submissions for each 12 month plan year. CONTRACTOR administrative responsibilities include, but are not limited to:

- 2.10.1 Mail spending account kits to each participant upon enrollment. Mail additional booklets upon request from potential participants;
- 2.10.2 Initialize and maintain multiple plan year employee account;
- 2.10.3 Provide daily toll-free customer service access for participants and prospective participants from 8:00 a.m. to 6:00 p.m. Pacific Standard Time;
- 2.10.4 Provide web based access to employees for account activity and balances;
- 2.10.5 Receive and process transmission of participant automated monthly contribution from County Auditor-Controller;
- 2.10.6 Perform complete processing of participant claim forms;

210.7 Submit detailed request for funds to DHR to cover approved claims twice a month;

2.10.8 Print and mail claim reimbursement payments out of pre-established County bank account twice a month. For claims received by the 10<sup>th</sup> of the month, checks are mailed for receipt by participant by the end of that month. For claims received between the 10<sup>th</sup> and 26<sup>th</sup> of the month, checks are mailed for receipt by participant by the 15<sup>th</sup> of the following month;

2.10.9 Perform monthly reconciliation of County bank account with full disclosure provided to DHR; and

2.10.10 Mail quarterly statement of account activity and balances to each participant.

## **2.11 Medical Protection Coverage (MPC) Program**

CONTRACTOR is responsible for identifying employees who are receiving Long-Term Disability (LTD) benefits by the LTD TPA and have purchased the Medical Protection Coverage (MPC) benefit. These employees are on leaves of absence without pay. CONTRACTOR responsibilities include, but will not be limited to:

2.11.1 Within 24 hours of receipt of County's LTD TPA's FTP transmission, identify and update employee record(s) with:

- Start date of disability
- Start date of disability benefits
- End date of approved disability benefits

2.11.2 Once an employee is out-of-service and continues to be eligible for MPC, the CONTRACTOR must continue to identify these employees as eligible for the MPC benefit. This monthly process will continue until the employee becomes ineligible for the MPC program or reaches 65 years of age, whichever occurs first. (See Section 2.12 for billing process).

## **2.12 Employee Direct Billing Program**

CONTRACTOR will be responsible for billing employees who do not have their benefit premiums automatically deducted from their paycheck. These employees are usually on an unpaid leave of absence or are receiving LTD benefits. CONTRACTOR responsibilities include, but will not be limited to:

2.12.1 Within 2 working days of receipt, review and process mid-month transmission of participant automated monthly contribution (and non-contribution) data from County Auditor-Controller.

2.12.2 Identify employees who do not have their insurance premiums automatically deducted from their paycheck, and generate bills (statements to collect) based on employee's eligibility to receive MPC benefit.

2.12.2.1 MPC Eligible (described in Section 2.11, above)  
Prepare and mail statement to collect 25% of medical premium and 100% of all other insurance premiums.

2.12.2.2 All Others  
Prepare and mail statement to collect 100% of all insurance premiums.

All statements to collect will include instructions to remit payment directly to the County Treasurer within a pre-determined deadline.

2.12.3 Update employee database in accordance with payment information received daily from the Treasurer's office via email

2.12.4 Identify employees who do not submit payment, and process as ineligible for benefits.

2.12.5 Produce and distribute notification to participants of benefit cancellation and related COBRA rights.

## **2.13 COBRA Notification**

The following procedures are subject to amendment in accordance with any change in legal/regulatory requirements.

### **New Hires**

Within the time frames established by CONTRACTOR and DHR, generate and mail initial notification explaining to the employee, spouse, and dependents their full rights under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended.

### **Newly Eligible for COBRA Benefit**

Within the time frames established by CONTRACTOR and DHR, generate and mail personalized COBRA notices and election forms to employee, spouse and dependents based on qualifying COBRA events.

**2.14 HIPAA Certification of Group Health Plan Coverage**

The following procedures are subject to amendment in accordance with any change in legal/regulatory requirements.

HIPAA certificates are generated and mailed to participants when:

- 2.14.1 An employee terminates employment;
- 2.14.2 Spouse loses coverage due to divorce;
- 2.14.3 A domestic partnership is terminated; or
- 2.14.4 An overage dependent becomes ineligible for coverage.

**2.15 Reports/Notifications**

2.14.1 Provide all required reports on a pre-determined basis. Reports will be delivered in hardcopy, disc, CD or other electronic media as required.

2.14.2 Provide capability to generate ad hoc reports with specialized reporting requirements.

**2.16 Health Care Financing Administration (HCFA) Electronic Media Questionnaire**

The annual Data Match Employer questionnaire is the Medicare procedure for identifying those individuals covered by an employer's health plan for whom Medicare paid claims as the primary payer. The CONTRACTOR will be responsible for interfacing with both the HCFA and the Auditor-Controller to obtain the information needed to match and output the required questionnaire information.

**2.17 Other**

2.17.1 CONTRACTOR shall furnish all personnel, transportation, supplies, equipment, materials and other items necessary to perform all services as outlined within this Statement of Work.

2.17.2 After the initial implementation, key CONTRACTOR personnel must be available to participate in two or more meetings with County staff per month, either in person or via teleconferencing, upon the County's request without additional cost to the County. During the annual enrollment period, meetings may be more frequent.

2.17.3 CONTRACTOR may be requested to attend meetings with the joint labor/management committees: Benefits Administration Committee

(BAC), and Employee Benefits Administration Committee (EBAC). These will only occur should the need arise.

- 2.17.4 Provide printing services for the "Change of Family Status" (for life event changes) and "Employee Benefits Adjustment Record" forms for each eligibility plan.
- 2.17.5 Maintain adequate supplies of all "generic" correspondence: domestic partnership enrollment and termination packets, COBRA notices, miscellaneous inserts for various employee enrollments (i.e. Part-time, Special Handling, etc).
- 2.17.6 Maintain inventory for enrollment materials for New Hire/Eligible IVR enrollment, Part-time enrollment and Flexible Spending Account Kits and Booklets. This includes all applicable guides, inserts and mailing envelopes.
- 2.17.7 Provide all hardware and software required to fulfill all responsibilities contained in this Statement of Work.
- 2.17.8 Provide daily courier service between CONTRACTOR'S office and such County offices as designated by DHR. CONTRACTOR shall pay the costs of such services out of its own resources.
- 2.17.9 CONTRACTOR shall pay all postage costs associated with all services rendered with the exception of postage for mailing annual enrollment benefit packets.

## **2.18 Security, Access and Confidentiality**

- 2.18.1 The County is the owner of all data files maintained by the CONTRACTOR with respect to services provided in accordance with the Contract. The CONTRACTOR shall be the custodian of such data and shall make such data available to the County upon request by the CCA at such times as are reasonable. The CONTRACTOR shall return all data upon termination of this Contract and shall not retain copies of said data.
- 2.18.2 The County's authorized representatives (including certain union organizations authorized by the County) shall be permitted access to certain files used for the performance of the Contract. Such access shall be made available without charge and access shall not be denied by CONTRACTOR for any reason.
- 2.18.3 CONTRACTOR shall initiate safeguards to ensure the protection of confidentiality of County information. Confidentiality shall be

maintained with respect to routing and handling of County employee documents and magnetic media. CONTRACTOR shall implement employment policies and procedures which enforce the confidential treatment of County information. CONTRACTOR shall store County documents in a secure location which is restricted to public access.

2.18.4 CONTRACTOR shall conduct a magnetic back-up of all County data files and store the information or back-up files in an environment off-site of CONTRACTOR premises that will prevent destruction of back-up tapes. CONTRACTOR shall conduct back-up procedures no less frequently than once per week. CONTRACTOR shall select a storage facility that is not less than three miles in radius from the CONTRACTOR'S facility. CONTRACTOR shall provide written notice to the CCA stating name, address and data access codes of the off-site storage vendor. CONTRACTOR shall designate the County Auditor-Controller and its authorized representatives with the authority and entitlement to obtain access to any County information in storage with the off-site vendor.

2.18.5 CONTRACTOR shall deposit a master copy of all source code programs used for the administration of County programs with a third party escrow agent to be selected by the CONTRACTOR and approved by the County, such approval not to be unreasonably withheld. Such escrow agreement will provide for the release of escrow in the event of CONTRACTOR'S bankruptcy. .

## **2.19 Right to Amend Plan**

From time to time, the County may modify or amend the Flexible Benefit, MegaFlex, Choices or Options plans. CONTRACTOR agrees to make reasonable modifications to the source code programs and administrative procedures to accommodate plan changes, which modifications or amendments will be implemented as promptly as practicable, taking into consideration CONTRACTOR'S time to implement in relation to COUNTY'S need to provide such plans to its participant community.

## **3.0 RESPONSIBILITIES**

The County's and CONTRACTOR'S responsibilities are as follows:

### **3.1 COUNTY**

The County shall administer the Contract according to Section 5.0 of the Contract. Specific duties will include:

- 3.1.1 Monitoring the CONTRACTOR'S performance in the daily operation of this Contract.
- 3.1.2 Providing direction to the CONTRACTOR in areas relating to policy, information and procedural requirements.
- 3.1.3 Preparing Change Notices in accordance with the Contract, Section 4.0 Changes and Amendments.

### 3.2 **CONTRACTOR**

- 3.2.1 CONTRACTOR shall provide a full-time Contract Manager or designated alternate.
- 3.2.2 The Contract Manager shall act as a liaison for the CONTRACTOR in coordinating the performance under the contract.
- 3.2.3 The Contract Manager/alternate shall have authority to act for CONTRACTOR on all matters relating to the daily operation of the Contract. Contract Manager/alternate shall be able to effectively communicate, in English, both orally and in writing.

#### 3.2.4 **Other CONTRACTOR Personnel**

- 3.2.4.1 CONTRACTOR shall assign a sufficient number of employees to perform the required work under this contract. **At least one employee on site shall be authorized to act for CONTRACTOR in every detail and must speak and understand English.**
- 3.2.4.2 All personnel providing services in conjunction with the Contract will be required to sign an Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement as set forth in Exhibit C.1 of the Contract. During the term of the Contract, the CONTRACTOR shall maintain an updated file of the signed forms and shall forward copies of all signed forms to DHR's Contract Administrator.

#### 3.2.5 **CONTRACTOR Employee Acceptability**

- 3.2.5.1 Personnel assigned by the CONTRACTOR to perform the required services shall at all times be employees of the CONTRACTOR. The CONTRACTOR shall have the sole right to hire, suspend, discipline or discharge them. However, any employee of the CONTRACTOR assigned

to the County's contract who, in the opinion of DHR is unsatisfactory, shall immediately be removed from servicing the contract. The CONTRACTOR shall not subcontract with any personnel for performance of services hereunder unless the provisions in Section 13 of the Contract are met.

- 3.2.5.1 The CONTRACTOR shall be responsible for immediately removing and replacing within twenty-four (24) hours any employee working on this contract when requested to do so by DHR's Contract Administrator.

**3.2.6 Materials and Equipment**

The purchase of all materials/equipment to provide the needed services is the responsibility of the CONTRACTOR. CONTRACTOR shall use materials and equipment that are safe for the environment and safe for use by the employee.

**3.2.7 CONTRACTOR'S Office and Hours of Operation**

CONTRACTOR shall maintain an office with a telephone in the company's name where CONTRACTOR conducts business. The office shall be staffed at a minimum during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, by at least one employee who can respond to inquiries and complaints which may be received about the CONTRACTOR'S performance of the Contract. In any case, CONTRACTOR shall maintain days and hours of operation and staffing sufficient to complete all services in a timely manner.

**4.0 CONTINGENCY PLAN**

CONTRACTOR shall have in place a contingency disaster plan.

**5.0 INVOICES**

CONTRACTOR shall prepare, and submit by the 15<sup>th</sup> business day of the month, monthly invoices for the work performed the previous month. The invoices shall be prepared in a manner as instructed by DHR. Invoice processing and payment is described in Section 8.5 of the Contract.

**6.0 USE OF COUNTY SEAL AND DHR'S LOGO**

CONTRACTOR shall not use or display the official seal of the County or DHR's logo on any of its letterheads or other communications for any reason.

## **7.0 HOLIDAYS**

The following are the usual County observed holidays:

- New Year's Day
- Martin Luther King, Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day
- Friday after Thanksgiving Day
- Christmas Day

## **8.0 DEFINITIONS**

- 8.1 Acceptable Quality Level (AQL): A measure to express the allowable leeway or variance from a standard before DHR will make a finding that the CONTRACTOR is not in compliance with a specific contract provision.
- 8.2 Performance Requirements Summary (PRS): Identifies the key performance indicators of the contract that will be evaluated by the County to assure the CONTRACTOR (see PRS Exhibit) meets contract performance standards.
- 8.3 User Complaint Forms and Contract Discrepancy Reports: Documents used by DHR to document discrepancies or problems with CONTRACTOR'S performance; to record explanations of unsatisfactory performance, corrective action taken, and plans to prevent recurrence by the CONTRACTOR and to record action taken by DHR as a result of its evaluation of the CONTRACTOR'S performance.

## **9.0 PERFORMANCE REQUIREMENTS SUMMARY**

### **9.1 PURPOSE**

The purpose of Appendix 1 is to:

- 9.1.1 List the required services which will be monitored by DHR during the term of this Contract (Column 1);
- 9.1.2 Identify the performance standards for satisfactory performance (Column 2);

- 9.1.3 Indicate the maximum allowable degree of deviation from a standard for each requirement (acceptable quality level, AQL) that shall be allowed by DHR before contract performance is considered unsatisfactory (Column 3);
- 9.1.4 Explain the quality monitoring method DHR will use to evaluate the CONTRACTOR'S performance in meeting the contract requirements (Column 4);
- 9.1.5 Indicate the monetary deduction for exceeding the maximum deviation for the standard (Column 5).

All listings of services used in the Performance Requirements Summary (PRS) are intended to be completely consistent with the Contract and the Statement of Work (SOW), and are not meant in any case to create, extend, revise, or expand any obligation of CONTRACTOR beyond that defined in the Contract and the SOW. In any case of apparent inconsistency between services as stated in the Contract and the SOW and this PRS, the meaning apparent in the Contract and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Contract and the SOW, that apparent service will be null and void and place no requirement on CONTRACTOR.

When CONTRACTOR'S performance does not conform with the requirements of this Contract, the County will have the option to apply the following non-performance remedies:

- 9.1.6 Require CONTRACTOR to implement a formal corrective action plan, subject to approval by the County. In the plan, the CONTRACTOR must include reasons for the unacceptable performance, specific steps to return performance to an acceptable level, and monitoring methods to prevent recurrence.
- 9.1.7 Reduce payment to CONTRACTOR by a computed amount based on the deviation expense(s) in the PRS. The deviation expense(s) will not apply for any deviation attributable to a condition described in Section 33.4 in the Contract.
- 9.1.8 Reduce, suspend or cancel this Contract for systematic, deliberate misrepresentations or unacceptable levels of performance.
- 9.1.9 Failure of the CONTRACTOR to comply with or satisfy the request(s) for improvement of performance or to perform the neglected work specified within ten (10) working days shall constitute grounds for the County to pursue remedies as described in Sections 33.1.4 and 33.2 of the Contract.

This section does not preclude the County's right to terminate the contract upon thirty (30) days written notice without cause, as provided for in the Contract, Section 35.0, "Termination for Convenience."

## **10.0 QUALITY ASSURANCE PLAN**

The County will evaluate the CONTRACTOR'S performance under this Contract using the quality assurance procedures specified in the Performance Requirements Summary or other such procedures as may be necessary to ascertain CONTRACTOR compliance with this contract. DHR will appropriately document any contract compliance deficiencies and communicate them in writing to CONTRACTOR in a timely fashion so that the CONTRACTOR may make appropriate adjustments to correct the deficiencies. The CONTRACTOR'S Contract Manager and DHR's Contract Administrator shall meet as often as necessary, as determined by DHR, to discuss the CONTRACTOR'S performance. A mutual effort will be made to resolve all problems and deficiencies identified during the term of the contract.

### **10.1 Contract Discrepancy Report**

Verbal notification of a Contract discrepancy will be made to the Contract Project Manager as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time period mutually agreed upon by the County and the CONTRACTOR. The County Contract Administrator will determine whether a formal Contract Discrepancy Report shall be issued. Upon receipt of this document, the CONTRACTOR is required to respond in writing to the County Contract Project Monitor within five (5) workdays, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted to the County Contract Project Monitor within ten (10) working days.

### **10.2 County Observations**

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this Contract at any time during normal business hours. However, these personnel may not unreasonably interfere with the CONTRACTOR'S performance.

## PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	TYPICAL MONITORING METHOD	DEVIATION EXPENSES TO BE ASSESSED
Contract: Section 6.0 – Administration of Contract – Contractor	CONTRACTOR shall notify the County in writing of any change in name and address of the Contract Manager.	None	Inspection & Observation	\$50 per occurrence
Contract: Section 32.1 – Subcontracting	CONTRACTOR shall obtain County's approval prior to subcontracting any work.	None	Inspection and Observation	\$100 per occurrence; possible termination for default of contract
Statement of Work: Section 2.4.1	IVR and WEB system accessible between 6:00 a.m. and 12 mid-night seven days a week, excluding scheduled maintenance time.	.5%	Inspection and User Complaints	\$50 per hour system is down during annual enrollment. \$10 per hour during remainder of year
Statement of Work: Section 2.4.1	IVR and WEB system accessible between 6:00 a.m. and 12 mid-night during last day of annual enrollment.	None	Inspection and User Complaints	\$1000 for each hour or fraction thereof that system is down
Statement of Work: Section 2.7.1	New Hire Enrollment Packets mailed within 48 hours of receipt of Auditor-Controller weekly file.	None	Observation and User Complaints	\$50 per enrollment packet not mailed
Statement of Work: Section 2.13	Send COBRA notifications within established timeframes.	None	Observation and User Complaints	\$10 per day late, per employee
Statement of Work: Section 2.8.2.5	Confirmation letters and supplemental enrollment forms, including Waiver of Pensionability form, mailed out within 2 working days of date of telephone enrollment.	None	Observation and User Complaints	\$10 per day late

APPENDIX 1 – STATEMENT OF WORK

SPECIFIC PERFORMANCE REFERENCE	STANDARD OF PERFORMANCE	MAXIMUM ALLOWED DEVIATION (AQL)	TYPICAL MONITORING METHOD	DEVIATION EXPENSES TO BE ASSESSED
Statement of Work: Section 2.10.8	Spending Account clean claims received by the 10 <sup>th</sup> of the month processed for reimbursed by the end of that month.	None	Observation & User Complaints	\$50 per day per claim for which payment is delayed
Statement of Work: Section 2.10.8	Spending Account clean claims received between the 10 <sup>th</sup> and 26 <sup>th</sup> of the month processed for reimbursed by the 15th of the following month.	None	Observation and User Complaints	\$50 per day per claim for which payment is delayed
Statement of Work: Section 2.12.1	Monthly direct billings mailed out within 2 working days after receipt of appropriate notification	None	Observation and User Complaints	\$10 per day late
	Maintain adequate system capacity to accommodate all clients including the County, so that system does not go down due to overload	None	Observation and User Complaints	\$100 per hour system is down

**County of Los Angeles**  
**Deliverables for Transition**  
**System live date January 1, 2004**

**Business Rules/Design**

- On site kick off meeting
- Develop complete contact list of all team members (Mellon, County, vendors, etc.)
- Develop comprehensive project schedule
- Complete conceptual design including process flow charts for all major and recurring processes, updates as appropriate
- Create schedule with specific dates for all status reports
- Develop Plan Provision Document (Rules, design, etc) for 2004 plan year
- Finalize Plan Provision Document with all rules and designs for 2004 plan year

**Planned conversion of existing data from VSAM**

*Meet with existing vendor regarding the conversion of benefit data as of 01-01-2004*

- Provide standard for upload of conversion data
- Finalize conversion interfaces and specifications
- Create schedule for data conversion test files from existing vendor and audits by Mellon
- Define test file data issues reconciliation process
- Work with current vendor to test conversion of information
- Receive test files (2)
- Convert test files (2)
- Receive full test file
- Complete data conversion
- On conversion out create data format for new vendor*

**Create working template for the system for enrollment, life events, COBRA, FSA, Direct Billing and MCP**

- Provide County with template of plan rules
- Provide County with template of plan rates
- Provide County with template of plan calculations
- Provide County with working template of Web, IVR and TTY

**IVR Script and Web Design Pages**

- Develop first draft of web text per page of Employee Self Service Module for review
- Develop first draft of IVR script according to approved rules document for County
- Review and finalize IVR script
- Review and finalize web text and images for ESS

### **Exception Reports**

- Define the exception reports for incumbent data conversion of the last 3 years data
- Define the exception reports for bi-monthly data transfer generated by Auditor-Controller

### **Acceptance of reports, letters and forms**

- Present for sign off enrollment worksheets to County for approval
- Present for sign off confirmation worksheets to County for approval
- Define periodic reporting requirements
- Present for sign off sample report formats to County for approval
- Present for sign off sample letters to County for approval
- Present for sign off FSA claim forms to County for approval
- Present for sign off sample direct bill format to County for approval
- Present for sign off sample COBRA notification to County for approval
- Present for sign off sample HIPAA notice to County for approval

### **Carrier Meetings and Information Gathering**

- Schedule conference calls with each carrier to discuss kick off to 01-2004 interfaces
- Program to each carrier specifications
- Work with each carrier to test programmed data flows including transmission
- Finalize carrier interfaces and transmissions

### **FSA Vendor Interface**

- Document workflow processes between FSA vendor and Mellon
- Work with each carrier to test programmed data flows including transmission
- Finalize vendor interfaces and transmissions

### **Payroll/HRIS Meetings and Information Gathering**

- Program to payroll/HRIS specifications
- Work with payroll/HRIS to test programmed data flows including transmission
- Finalize payroll/HRIS interfaces and transmissions

### **Testing**

- Load Core with full conversion test data
- Move developed system with test conversion data to staging for testing
- Perform testing of web/IVR/TTY enrollment system - ESS/Administrator
- Provide signed document signing off on staging site

**FSA Reconciliation**

*Define with existing vendor processing cycle and anticipated cut off for transfer of files and open cases*  
Define audit process parameters and resolution process  
Receive opening balance, claims paid and year-end balance file from existing vendor  
Reconcile account balance  
Resolve discrepancies

**COBRA and HIPAA Notification Process**

*Define with existing vendor processing cycle and anticipated cut off for transfer of open cases*

**Direct Billing and MCP**

*Define with existing vendor processing cycle and anticipated cut off for transfer of open cases*  
Meet with Treasurer and Tax Collector regarding scan line for billing and transmission of payment information  
Receive test file from CAO – TPA – Disability Benefits Administrator

**Phase II - System Live January 1, 2004**

Freeze transactions entered to current vendor  
Provide full LIVE conversion data  
Load conversion data -- Employee/dependents 1-1-2004  
Move completed system to production site

**System Elevation**

## FEE SCHEDULE

## Per Participant and Transaction Rates

	Assumed Volumes	2004	2005	2006	2007	2008	Total
<b>Startup Fees</b>							
\$95,000 amortized over 5 years		\$ 19,000.00	\$ 19,000.00	\$ 19,000.00	\$ 19,000.00	\$ 19,000.00	
<b>2004 Annual Enrollment</b>							
Amortized over 2005-2008			\$ 58,450.00	\$ 58,450.00	\$ 58,450.00	\$ 58,450.00	
<b>Monthly Processing Fees</b>							
Flex/Megaflex	11,000	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.00	\$ 2.05	
Choices	33,000	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10	\$ 2.15	
Options	48,000	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10	\$ 2.15	
Temps & Part-time	1,600	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10	\$ 2.15	
Employee Direct Pay Billing	900	\$ 4.50	\$ 4.61	\$ 4.73	\$ 4.85	\$ 4.97	
COBRA Notification	1,000	\$ 6.00	\$ 6.15	\$ 6.30	\$ 6.46	\$ 6.62	
HIPAA Certification	1,000	\$ 5.00	\$ 5.13	\$ 5.26	\$ 5.39	\$ 5.52	
<b>Monthly Spending Account Administration*</b>							
Flex/Megaflex (annual rates)	3,500	\$ 0.50	\$ 0.51	\$ 0.53	\$ 0.54	\$ 0.55	
checks issued/mailed	900	\$ 3.10	\$ 3.18	\$ 3.26	\$ 3.34	\$ 3.42	
Choices (annual rates)	2,300	\$ 0.50	\$ 0.51	\$ 0.53	\$ 0.54	\$ 0.55	
checks issued/mailed	700	\$ 3.10	\$ 3.18	\$ 3.26	\$ 3.34	\$ 3.42	
Options (annual rates)	1,500	\$ 0.50	\$ 0.51	\$ 0.53	\$ 0.54	\$ 0.55	
checks issued/mailed	500	\$ 3.10	\$ 3.18	\$ 3.26	\$ 3.34	\$ 3.42	
<b>Annual Enrollment*</b>							
Flex/Megaflex	11,000	\$ 0.70	\$ 0.72	\$ 0.74	\$ 0.76	\$ 0.78	
Choices	33,000	\$ 0.65	\$ 0.67	\$ 0.69	\$ 0.71	\$ 0.73	
Options	48,000	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.53	\$ 0.54	
Temps & Part-time	1,600	\$ 0.70	\$ 0.72	\$ 0.74	\$ 0.76	\$ 0.78	
Decision Planner Worksheet	93,600	\$ 1.00	\$ 1.03	\$ 1.06	\$ 1.09	\$ 1.12	
IVR Script Development**	1 ann. unit	\$ 15,000.00	\$ 15,375.00	\$ 15,759.38	\$ 16,153.36	\$ 16,557.19	
Web Screen Development**	1 ann. unit	\$ 17,000.00	\$ 17,425.00	\$ 17,860.63	\$ 18,307.15	\$ 18,764.83	
Confirmation/Default Notice	93,600	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.53	\$ 0.54	
Mail Spending Account Kit	7,500	\$ 0.75	\$ 0.77	\$ 0.79	\$ 0.81	\$ 0.83	
Mail Spending Account book	2,000	\$ 0.75	\$ 0.77	\$ 0.79	\$ 0.81	\$ 0.83	
Estimated Annual Costs		\$ 2,458,410	\$ 2,817,480	\$ 2,885,990	\$ 2,956,200	\$ 3,028,170	\$ 14,146,250
Maximum Annual Cap		\$ 2,532,160	\$ 2,902,000	\$ 2,972,570	\$ 3,044,890	\$ 3,119,020	

**MAXIMUM CONTRACT SUM****\$ 14,570,640**

\*All rates shown are monthly except:

Spending account checks issued/mailed are per transaction. Volumes shown are assumed to be monthly

Spending account administration for flex/megaflex, choices and options are shown as annual rates.

Annual enrollment rates for flex/megaflex, choices, options, temps &amp; part-time and confirmation/default notices and Decision Planner Worksheet are charged one time during the annual enrollment

Mailing of spending account kit and account book is per kit or account mailed

Fees not charged on a per transaction basis include:

One time set up fee

\*\*IVR script development for annual enrollment (annual charge; 2004 charges amortized over years 2005-2008)

\*\*Web screen development for annual enrollment (annual charge; 2004 charges amortized over years 2005-2008)

**County of LA  
Benefit Administration  
Annual Fees**

	2004	2005	2006	2007	2008	total
<b>Start Up Fees</b>	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 95,000
<b>Monthly Processing Fees</b>	\$ 2,357,640	\$ 2,416,580	\$ 2,477,000	\$ 2,538,920	\$ 2,602,390	\$ 12,392,530
<b>Spending Account Administration</b>	\$ 81,770	\$ 83,810	\$ 85,910	\$ 88,060	\$ 90,260	\$ 429,810
<b>Annual Enrollment</b>	\$ -	\$ 239,640	\$ 245,630	\$ 251,770	\$ 258,070	\$ 995,110
<b>First Year Enrollment</b>	\$ -	\$ 58,450	\$ 58,450	\$ 58,450	\$ 58,450	\$ 233,800
<b>Total</b>	\$ 2,458,410	\$ 2,817,480	\$ 2,885,990	\$ 2,956,200	\$ 3,028,170	\$ 14,146,250
<b>Maximum Contract Sum</b>	\$ 2,532,160	\$ 2,902,000	\$ 2,972,570	\$ 3,044,890	\$ 3,119,020	\$ 14,570,640

2005-2008 Processing Fees include 2.5% increase in rates  
Maximum Processing Fees include 3% margin

TERMINATION FOR CONVENIENCE  
FEE SCHEDULE

Termination Date	1/1/2004	1/1/2005	1/1/2006	1/1/2007	1/1/2008
Start Up Fees	\$ 95,000	\$ 76,000	\$ 57,000	\$ 38,000	\$ 19,000
1st Year Annual Enrollment		\$ 233,800	\$ 175,350	\$ 116,900	\$ 58,450
Amount Payable upon Termination	\$ 95,000	\$ 309,800	\$ 232,350	\$ 154,900	\$ 77,450
Monthly Amount	\$ 7,917	\$ 25,817	\$ 19,363	\$ 12,908	\$ 6,454
Jan	\$ 95,000	\$ 309,800	\$ 232,350	\$ 154,900	\$ 77,450
Feb	\$ 87,083	\$ 283,983	\$ 212,987	\$ 141,992	\$ 70,996
Mar	\$ 79,166	\$ 258,166	\$ 193,624	\$ 129,084	\$ 64,542
Apr	\$ 71,249	\$ 232,349	\$ 174,261	\$ 116,176	\$ 58,088
May	\$ 63,332	\$ 206,532	\$ 154,898	\$ 103,268	\$ 51,634
Jun	\$ 55,415	\$ 180,715	\$ 135,535	\$ 90,360	\$ 45,180
Jul	\$ 47,498	\$ 154,898	\$ 116,172	\$ 77,452	\$ 38,726
Aug	\$ 39,581	\$ 129,081	\$ 96,809	\$ 64,544	\$ 32,272
Sep	\$ 31,664	\$ 103,264	\$ 77,446	\$ 51,636	\$ 25,818
Oct	\$ 23,747	\$ 77,447	\$ 58,083	\$ 38,728	\$ 19,364
Nov	\$ 15,830	\$ 51,630	\$ 38,720	\$ 25,820	\$ 12,910
Dec	\$ 7,913	\$ 25,813	\$ 19,357	\$ 12,912	\$ 6,456

## CONTRACT FOR

SERVICES

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT,  
CONFIDENTIALITY,  
AND COPYRIGHT ASSIGNMENT AGREEMENT**

*(any reference to Copyright Assignment would apply to  
Information Technology Contracts only)*

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME \_\_\_\_\_

Contract No. \_\_\_\_\_

Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer \_\_\_\_\_

Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Employee Name \_\_\_\_\_

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

Except as permitted under the above referenced Contract, I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

#### COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above referenced contract, and all works based thereon, incorporated therein, or derived therefrom shall be "works for hire," and as such are the sole property of the Contractor, or of County pursuant to the terms of the above referenced Contract. In this connection, I hereby assign and transfer to the Contractor in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the Contractor, I agree to promptly execute and deliver to Contractor all papers, instruments, and other documents requested by the Contractor, and to promptly perform all other acts requested by the Contractor to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright.

I expressly acknowledge and agree that I wish to remain anonymous and not to have my name or any pseudonyms used in connection with any works, goods or services I provide under this agreement or the above referenced Contract.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

## CONTRACT FOR

SERVICES

**CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT,  
CONFIDENTIALITY, AND COPYRIGHT ASSIGNMENT AGREEMENT**  
*(any reference to Copyright Assignment would apply to  
Information Technology Contracts only)*

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME \_\_\_\_\_

Contract No. \_\_\_\_\_

Non-Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Non-Employee Acknowledgement, Confidentiality, and Copyright Assignment Agreement.

**NON-EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer \_\_\_\_\_

Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Non-Employee Name \_\_\_\_\_

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

Except as permitted under the above referenced Contract, I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

#### COPYRIGHT ASSIGNMENT AGREEMENT

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above referenced contract, and all works based thereon, incorporated therein, or derived therefrom are "works for hire," and as such are the sole property of the Contractor, or of County pursuant to the terms of the above referenced Contract. In this connection, I hereby assign and transfer to the Contractor in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the Contractor, I agree to promptly execute and deliver to Contractor all papers, instruments, and other documents requested by the County and to promptly perform all other acts requested by the Contractor to carry out the terms of this agreement, including, but not limited to, executing an assignment and transfer of copyright.

I expressly acknowledge and agree that I wish to remain anonymous and not to have my name or any pseudonyms used in connection with any works, goods or services I provide under this agreement or the above referenced Contract.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

**CONTRACTOR'S EEO CERTIFICATION**

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Contractor Name

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Address

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Internal Revenue Service Employer Identification Number**GENERAL CERTIFICATION**

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

**CONTRACTOR'S SPECIFIC CERTIFICATIONS**

- |    |   |                              |                             |
|----|---|------------------------------|-----------------------------|
| 1. | The Contractor has a written policy statement prohibiting discrimination in all phases of employment.   | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2. | The Contractor periodically conducts a self analysis or utilization analysis of its work force.   | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups.  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4. | Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

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Authorized Official's Printed Name and Title

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Authorized Official's Signature

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Date

**COUNTY'S ADMINISTRATION**

CONTRACT NO. \_\_\_\_\_

**COUNTY CONTRACT ADMINISTRATOR:**

Name: \_\_\_\_\_ Marian Hall \_\_\_\_\_  
Title: \_\_\_\_\_ Chief, Employee Benefits Division \_\_\_\_\_  
Address: \_\_\_\_\_ 3333 Wilshire Blvd., Suite 1000 \_\_\_\_\_  
\_\_\_\_\_ Los Angeles, CA 90010 \_\_\_\_\_  
Telephone: \_\_\_\_\_ 213-738-2255 \_\_\_\_\_ Facsimile: \_\_\_\_\_ 213-637-0820 \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_ mlhall@dhr.co.la.ca.us \_\_\_\_\_

**COUNTY PROJECT DIRECTOR:**

Name: \_\_\_\_\_ Marian Hall \_\_\_\_\_  
Title: \_\_\_\_\_ Chief, Employee Benefits Division \_\_\_\_\_  
Address: \_\_\_\_\_ 3333 Wilshire Blvd, Suite 1000 \_\_\_\_\_  
\_\_\_\_\_ Los Angeles, CA 90010 \_\_\_\_\_  
Telephone: \_\_\_\_\_ 213-738-2255 \_\_\_\_\_ Facsimile: \_\_\_\_\_ 213-637-0820 \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_ mlhall@dhr.co.la.ca.us \_\_\_\_\_

**COUNTY PROJECT MANAGER:**

Name: \_\_\_\_\_ Jerry Stuler \_\_\_\_\_  
Title: \_\_\_\_\_ Principal Human Resources Analyst \_\_\_\_\_  
Address: \_\_\_\_\_ 3333 Wilshire Blvd., Suite 1000 \_\_\_\_\_  
\_\_\_\_\_ Los Angeles, CA 90010 \_\_\_\_\_  
Telephone: \_\_\_\_\_ 213-738-2200 \_\_\_\_\_ Facsimile: \_\_\_\_\_ 213-637-0821 \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_ jstuler@dhr.co.la.ca.us \_\_\_\_\_

**INTERNAL SERVICES DEPARTMENT**

Help Desk: \_\_\_\_\_ 562-940-3305 \_\_\_\_\_

**CONTRACTOR'S ADMINISTRATION****CONTRACTOR'S NAME** MELLON FINANCIAL CORPORATION

Contract Number: \_\_\_\_\_

**CONTRACTOR'S CONTRACT MANAGER:****Name:** Harold A. Loeb**Title:** Principal and Consulting Actuary**Address:** 1801 Century Park East, Suite 500  
Los Angeles, CA 90067**Telephone:** 310-226-1450 **Facsimile:** 310-282-0881**E-Mail Address:** hloeb@buckconsultants.com**CONTRACTOR'S PROJECT MANAGER:****Name:** Richard P. Girardo**Title:** Principal and Systems Consultant**Address:** 2929 North Central Ave., Suite 1250  
Phoenix, AZ 85012**Telephone:** 602-864-3520 **Facsimile:** 602-864-3535**E-Mail Address:** rgirardo@buckconsultants.com**OTHER CONTRACTOR AUTHORIZED OFFICIAL(S):****Name:** Elizabeth LaBenz**Title:** Associate Principal**Address:** 2929 North Central Ave., Suite 1250  
Phoenix, AZ 85012**Telephone:** 602-864-3597 **Facsimile:** 602-864-3535**E-Mail Address:** elabenz@buckconsultants.com

# **No shame. No blame. No names.**

**Newborns can be safely given up  
at any Los Angeles County  
hospital emergency room or fire station.**



**In Los Angeles County:**

**1-877-BABY SAFE**

**1-877-222-9723**

**[www.babysafela.org](http://www.babysafela.org)**



**State of California**  
Gray Davis, Governor

**Health and Human Services Agency**  
Grantland Johnson, Secretary

**Department of Social Services**  
Rita Saenz, Director



**Los Angeles County Board of Supervisors**

Gloria Molina, Supervisor, First District

Yvonne Brathwaite Burke, Supervisor, Second District

Zev Yaroslavy, Supervisor, Third District

Don Knabe, Supervisor, Fourth District

Michael D. Antonovich, Supervisor, Fifth District

**This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.**

**What is the Safely Surrendered Baby Law?**

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

**How does it work?**

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

**What if a parent wants the baby back?**

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

**Can only a parent bring in the baby?**

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

**Does the parent have to call before bringing in the baby?**

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

**Does a parent have to tell anything to the people taking the baby?**

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

**What happens to the baby?**

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

**What happens to the parent?**

Once the parent(s) has safely turned over the baby, they are free to go.

**Why is California doing this?**

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

**A baby's story**

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

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**Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.**

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***It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.***

# Sin pena. Sin culpa. Sin peligro.

Los recién nacidos pueden ser entregados  
en forma segura en la sala de emergencia de  
cualquier hospital o en un cuartel de bomberos  
del Condado de Los Angeles.



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

[www.babysafela.org](http://www.babysafela.org)



Estado de California  
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos  
(Health and Human Services Agency)  
Grantland Johnson, Secretario

Departamento de Servicios Sociales  
(Department of Social Services)  
Alta Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Bradshaw Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta iniciativa también está apoyada por First 5 LA y INFO LINE de Los Angeles.

### ¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

### ¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre recibirá un brazaletes igual.

### ¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de redamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

### ¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

### ¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

### ¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

### ¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

### ¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

### ¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

### Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

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**Cada recién nacido merece una  
oportunidad de tener una vida saludable.  
Si alguien que usted conoce está pensando  
en abandonar a un recién nacido, infórmele  
qué otras opciones tiene.**

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***Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarnos a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.***

**EXHIBIT H**

**REQUEST FOR PROPOSALS  
(Incorporated by Reference)**

## **EXHIBIT I**

### **CONTRACTOR'S PROPOSAL (Incorporated by Reference)**